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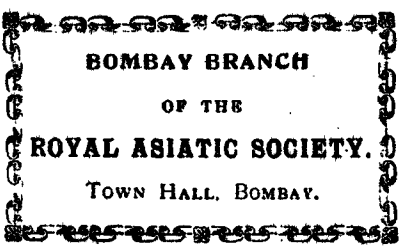


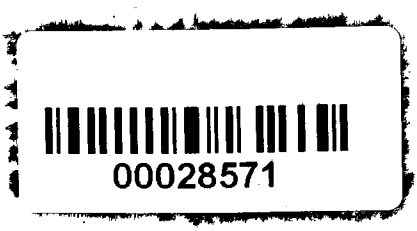


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# EMPIRES OF THE FAR EAST

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A STUDY OF JAPAN
AND OF HER COLONIAL POSSESSIONS,
OF CHINA AND MANCHURIA AND
OF THE POLITICAL QUESTIONS
OF EASTERN ASIA AND
THE PACIFIC

BY

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# XXVIII

## THE STATUS OF WOMEN: THE LIFE OF THE *GEISHA*, AND SOME GENERAL CONCLUSIONS

It is clear that the Japanese system of regulating the social evil is more than a compromise with expediency; it is an abhorrent concession to the lowest passions of human nature. No sightseer can return from a visit to the "nightless cities" that are scattered throughout the land without experiencing a feeling of intense revulsion, and without coming to the conclusion that the Japanese have much to learn of the ways of civilisation. It is altogether futile to argue that here is a frank and honest recognition of an inevitable condition within society. In some European countries there is this recognition; but, unlike the system prevalent in Japan, it is not accompanied by the imposition of a legalised state of bondage upon thousands of unhappy victims, nor is it glorified as an occupation wherein "heroines" may sacrifice themselves upon an altar of duty. The claim of the Japanese to some measure of success on the ground that they segregate, and as far as possible superintend vice, does not stand the light of critical examination. The *Yoshiwara* and other similar centres are situated in out-of-the-way places. Consequently they merely give facilities for what, in the absence of any better term, may be called sanctioned and deliberate vice. In all parts of a town of any size, however, there are numerous tea-houses and so-called restaurants or hotels, where amid circumstances of greater privacy but of no less infamy a trade similar to that plied within the gates of the *Yoshiwara* is practised. In Tōkyō, for instance, it is no exaggeration to say that there are few streets without an establishment of this kind. Strictly speaking, these places flourish in defiance of the law. But in Japan, as elsewhere,

the police authorities can be induced to relax their supervision when a consideration is forthcoming. Moreover, the secrecy with which tea-houses are conducted—a secrecy that in this, as in all other matters, is an outcome of an inherent tendency of the people themselves—renders detection a somewhat difficult matter. The peculiar part played by the tea-house and restaurant in the national life has not been adequately dealt with in works accessible to Western readers. Few Japanese entertain in their own homes. Whenever they desire to dispense hospitality they frequent tea-houses or restaurants. The principal difference in the character of these establishments is that whereas the former supplies tea, *saké*, and minor refreshments, and on occasion obliges customers by obtaining meals from outside, the latter is in a position to serve up elaborate meals cooked on the premises. The proprietors are singularly independent in their acceptance of guests, and it is invariably the custom in houses of the so-called better class not to admit any one in the capacity of host who has not been formally introduced by a regular patron. In many instances a foreigner, unless accompanied by a Japanese, finds that access is refused him.

Until the last few years Japan was a land without public-houses. One of the more prominent of Western innovations, however, has been German beer. This beverage has become extremely popular with all classes of the community; a number of prosperous brewery concerns have sprung into existence; and in each of the principal cities there are at least half-a-dozen or more beer halls, some of which contain a bar not unlike that to be seen in the public-houses in London. Incidentally it may be observed that thé Japanese taste for Western liquors is being developed at a rate that causes some anxiety to those whose hope it had been that, while accepting the blessings, Japan would reject the abuses of Western civilisation. With the average Japanese it is the height of ambition to drink champagne, while the mysteries of the "cocktail" seem to possess a peculiar charm for him—a charm that does not alone arise from the presence in the bottom of the glass of a fruit standing in close botanical relationship to the emblematic cherry blossom. Whisky also is exceedingly

popular. There is a warmth about its influence no less than its taste which is as novel as it is pleasant to the Japanese, who have been accustomed to the comparatively insipid native liquor, *saké*. Singularly enough, in this as in all other matters, they display that marked faculty of imitation which is, without doubt, the most conspicuous feature of the race. The discovery that after a night's carousal they are afflicted with a bad headache does not succeed in convincing them that indulgence on a Western scale is injurious to health. On the contrary, they appear to regard the presence of these ill effects as tangible evidence that, although not in Rome, they have at least done as Rome does. In certain circumstances, however, the Japanese are more reckless in their alcoholic excess than the experienced consumer whose ways they have imitated. In plain language, they have yet to learn the "science" of drinking, and at present are somewhat apt, in their desire for variety no less than in their ignorance of effect, to entertain their guests at one meal with samples of almost every known beverage, from malt liquors to liqueurs. Nor as yet can it be expected that they should have become connoisseurs. Consequently, quality invariably gives way to quantity. The Government, in its desire to limit the importation of Western luxuries and to encourage home industries, has placed a high tax upon wines and spirits of Western production. This circumstance has certainly achieved its object inasmuch as it has stimulated home enterprise. The Japanese are now manufacturing in large quantities a very inferior whisky which they label Scotch and sell as such. The reader will no doubt pardon this slight digression, for it deals with a matter not without its significance in regard to the social ills of the community. If Japan has but few public-houses in the strict meaning of the term, she possesses thousands of tea-houses, the functions of which in the matter of affording facilities for drinking are not dissimilar, and the conduct of which in other respects is certainly open to question. In view of the secrecy and care that characterise the management of these places it is difficult, if not impossible, to arrive at any satisfactory conclusion as to whether the Japanese are more sober in their habits than are the peoples of Western countries. Their patrons do not

assemble in bars, smoke-rooms, or lounges, where they are exposed to the public gaze. It is their invariable custom to engage the exclusive use of a single apartment, where in privacy they are free to indulge themselves as much as they wish. Should they overstep the bounds of propriety the mistress and maids of the establishment, whose interest in the welfare of their customers leaves nothing to be desired, make it their business to see that they are placed in *rikishas* and trundled home. On arrival at their destination they are not met by a scolding wife, for in Japan Mrs. Caudle is practically unknown. Their conduct, therefore, rarely receives the censure of publicity or the rebuke of domesticity.

There is, however, another side to the tea-house life of Japan. It is a side that cannot be overlooked in any conscientious attempt to describe the social evil as it exists in Japan to-day. So soon as a party have entered the room allotted them, the host is asked whether or not he requires the attendance of *Geisha*. Should he reply in the affirmative, then it only remains for him to decide upon the names of the girls whom he wishes to entertain his guests. If he be an *habitué* of tea-houses he will have his own favourites. Perhaps he may consult the wishes of his guests; but in any case, as a means of facilitating his choice, there is always placed at his disposal an album containing coloured photographs of gorgeously attired *Geisha*. When he has made up his mind, a telephone message is sent to the *Geisha*-house, where there are in waiting a number of *Geisha* ready to respond instantly to the call of a tea-house or restaurant. A famous *Geisha* is in great demand, and a wise host who wishes to render her presence certain gives the keeper of the establishment in which she lives notice of his requirement some time beforehand. At the feast itself the particular function of the *Geisha* is not only to entertain the guests but also to wait upon them. A high-class Japanese dinner is an elaborate affair, often consisting of many courses. While it is in progress the *Geisha*, seated before the guests, endeavour to make themselves agreeable by engaging in witty conversation and indulging in smart repartee. At the same time they fulfil a useful purpose by receiving the various dishes from the maids of the

establishment and handing these to the guests. Not infrequently they are invited by the assembled company to take *saké*, and cups are exchanged with a spontaneous conviviality. As soon as the meal is finished dancing commences. The younger *Geisha* retire to one end of the room. The elder ones take their seats at the side and begin to play the *samisen*—an instrument of three strings which produces strange inharmonic sounds that to the ear of the Western listeners are more expressive of sadness than of joy. Should the occasion be one of a special nature, child-*Geisha* who act in the capacity of drummers are in attendance. Poising their little drums on one shoulder, they make themselves heard to no small effect by beating its surface with tiny fingers which a long process of training has rendered as hard as sticks. When this quaint orchestra is in full swing the noise of the clang can be heard through the paper walls by the whole neighbourhood. Nor is the involuntary participation of outsiders in the feast confined to listening to the music. Should the outer screen of wood not be drawn round the house, as is frequently the case, the forms of the occupants of the various rooms may be seen silhouetted against the white paper squares of the inner walls. The *Geisha* dance itself is altogether different from any similar form of entertainment in Europe. It consists of a series of graceful movements in which the arms are made to play a prominent part.

Although Japanese dancing as a whole is free from any of those disgusting posturings that are associated with certain Eastern peoples, many of the dances, notably the famous *Kappore*, are designed to convey an impression of all that is sensual. Japanese have frequently expressed their dislike of European dancing in the ball-room, on the score that not only is it ungraceful, but that it imposes too great a degree of familiarity in the association of the sexes. Their attitude is singularly inconsistent in view of the fact that more than one of their popular *Geisha* dances, though not positively indecent, are to say the least highly suggestive. Moreover, in spite of opposition, the European style of dancing is becoming exceedingly popular throughout

the land. Perhaps it is not altogether inopportune at this juncture to draw attention to a curious side of the Japanese character, and one which is not without some bearing on the subject of the present chapter. Although without moral conception as it is understood in the West, they possess many tendencies that are of a distinctly prudish nature. They look upon kissing as an act of indecency, and in like manner they regard the waltz as something that is verging on the vulgar. Again, while displaying an attitude of indifference in the matter of the nude, they will not hesitate to express themselves as shocked beyond measure when they see the low-necked evening dress of foreign ladies. Until recently the stage was considered an unfit occupation for a woman, and all the women's parts were taken by men. The first lady to embark upon a theatrical career created something of a sensation. Even at the present time there are few actresses on the Japanese stage; and not the least entertaining side of a performance is that of witnessing the part of a tender young maiden taken by a cleverly made-up young man. In one important respect there is a quaint reversal of conditions of East and West. In Japan the young women, mostly of the *Geisha* class, fall in love with the actors and provide the material for many romances. That deeply ingrained in the Japanese nature there lies what can only be termed the primal passion of possession, is evidenced from the love-tragedies which are matters of almost daily occurrence in some part or other of the land. In these unhappy affairs the *Geisha* figures either as a heroine or as a victim.

However much the Japanese may condemn the liberty that admits of the meeting of the sexes in the ball-rooms of the West, it is difficult to see how they can defend the deplorable system of *Geisha* entertainment in the life of the country. As soon as the dance is over the *Geisha* return to the guests, cups of *saké* are again exchanged, and with alternate intervals of conviviality and entertainment the feast is prolonged until a late hour of the night. As the evening wears on it is no uncommon sight to see the men leave their places and join in the dance, cutting fantastic capers that indicate a state of artificial exuberance. It must not for a moment be

imagined that the *Geisha* are an abandoned class in the strict sense of the term. Their manners lack nothing in delicacy or taste, and their general deportment is graciousness itself. It is their business to please, and whether genuinely interested or not they never fail, by means of bows, smiles, and little attentions, to convey the idea that they are sharing in the enjoyment of the evening. At the same time there is no doubt that beneath this simulation of geniality there often lies a feeling of surfeit, if not of actual suffering. They realise that should the guests complain that they have failed in their duties as merry-makers, their professional reputations will be assailed. Moreover, they are not unaffected by the general status of their sex as a whole, and like their superiors, they too have been led to believe that woman's sole aim in life is to minister to the wants and comforts of man. Yet in a sense their position in the scheme of society is a peculiar one. For, whereas the liberty of all other women is more or less closely restricted, they are merely at the beck and call of any tea-house frequenter. Many of them have not been slow to make the most of their opportunities, and more than one prominent hostess in society to-day owes her position to her charms and accomplishments as a *Geisha*.

There is another side to the life of a *Geisha*, a darker side. I have already shown that her occupation is one that exposes her to many temptations. She plies her profession amid circumstances that render it difficult for her to lead a chaste life. Night after night she is called upon to lend her presence to revelry. As a rule the daughter of humble parents, the conditions of her *Geisha* life are altogether out of keeping with her lowly origin. She meets men of a class often far superior to that to which she herself belongs. She is associated with a form of entertainment that involves the expenditure of considerable sums of money. On occasions she is called upon to attend at festivities organised by the highest in the land, and her patrons are not unfrequently statesmen of Cabinet rank and merchants of great wealth. There have even been instances where she has been summoned to dance at the palaces of princes. In short, she is recognised more or less as a national institution. Foreign guests of

State are always invited to witness her accomplishments. In many other directions her profession is not without its glamour. The *Geisha* has been made the subject of poetry and song from time immemorial, and the photographs of "famous beauties" are constantly reproduced in newspapers and as picture post-cards. Her charms are made the subject of topical conversation, and her name, should she be famous, is almost as well known as that of any popular hero. Custom has classed the *Geisha* according to the quarter in which they reside and have their occupation. Thus the *Geisha* of Shimbashi, the central ward of the capital, rival the *Geisha* of Kyōtō, the ancient capital of the country, in their claim to be the most beautiful and the most accomplished in the Empire. On the other hand, there are certain quarters in Tōkyō, notably that of Akasaka, where the *Geisha* have no pretensions to rank with the fair entertainers of Shimbashi. Whatever their grade may be, however, there is no doubt that from the moral standpoint of the girl herself her occupation is necessarily a precarious one. Her talent is exploited by the *Geisha*-house keepers, who in many instances are in league with the management of the tea-houses. Some pretence of affording her protection is made by the former. On special occasions she is accompanied by an elder *Geisha* or an attendant, and a *rikisha* is provided for her return journey. But this supervision is merely a matter of custom, and it can readily be understood that it is not exercised to the point of insistence in a land where, at least among the lower classes of womanhood, there is little if any conception of morality in its specific application. Were sufficient evidence not here forthcoming of the grave temptations that beset the life of a *Geisha*, the conditions of her employment would alone be indicative of the character of her life. These conditions, though less frankly set forth, are, in certain essential details, not unlike those which govern the calling of the unhappy inmate of the *Yoshiwara*.

To begin with, the training of the *Geisha* begins at an early age. She is merely a little child, often no more than seven years old, when she leaves the parental roof for that of the *Geisha*-house. It would be idle to pretend that at this

juvenile period of her life she is choosing a career of her own free will. Her parents or relatives, therefore, are the chief parties on the one side to a contract which determines that the best years of her life, the years when youth looks radiantly out into the future, shall be spent in affording entertainment to any man who may choose to command her services. In view of this and other circumstances, the conclusion is inevitably forced upon one that the sacred principles of filial piety in Japan have been abused to an extent that is a slur upon a nation whose pretensions to civilisation have been so recently accepted. Under the cloak of these principles parents have not hesitated to barter their daughters in order that they themselves shall profit by their degradation. Strictly speaking, the letter of the law provides that the *Geisha* is free at any moment to change her mode of life. Here, however, as in the case of the conditions that govern the *Yoshiwara*, the law does not work out in practice, nor does it appear to any reasonable mind that it is intended to work out in practice. The keeper of the house, to whom the *Geisha* is to all intents and purposes sold for a period of years, allows her to contract debt for the costly ornaments and rich silk *kimonos*, the possession of which is essential to her successful profession. Chamberlain frankly declares that the career once entered on is difficult to quit "unless good fortune brings some wealthy lover able and willing to buy her out." Only one conclusion can be drawn from the circumstances that surround her calling. It is difficult, almost impossible, for any *Geisha* to lead a blameless life. No doubt there are instances where, to the end of their indentures, girls have led exemplary lives; but these are unfortunately rare, and are merely exceptions to a rule that is only too common. Their calling is in itself a perfectly legitimate one, and their accomplishments, no less than their charm of manners, contribute in a large measure to the enjoyment of the community. The conditions of their employment, however, together with the semi-privacy that surrounds their tea-house engagements, to say nothing of the opportunities afforded them of meeting the other sex on terms of familiarity, present dangers that are as real as they are apparent.

In view of all these circumstances it must be confessed that the attempt to regulate the social evil by segregating and supervising vice in certain areas is a complete failure. Nor must it be imagined that the extent of the evil is fully revealed in a description of life as it is led in the "nightless cities" and in *Geisha*-land. Indeed it may certainly be questioned whether Japan, in spite of her attempts to regulate vice, is by any means free from what might be called indiscriminate vice. This does not perhaps exist as flagrantly as in some Western countries, but nevertheless it is present to an extent that conclusively shows that there is, after all, little to be gained by State effort in the direction of centralisation and control, an effort that in Japan has undeniably tended to give to the practice of vice a security that it does not deserve, and in effect encourages its exploitation on the one side and its indulgence on the other. There is another important aspect of the problem, an aspect that is not without international interest. The world has recently given Japan a mandate to undertake the regeneration of Korea. Moreover, her right to take a prominent part in the reform of China has been generally conceded. There is no doubt that her influence in these lands will accomplish much good of a kind. She will promote commercial development, from which it follows that profit to herself will not be excluded. Under her guidance railways will be built, mineral fields opened up, municipal and perhaps financial reforms undertaken, roads and telegraphs extended, and pretentious public buildings erected. But it is a matter open to serious question whether she has shown her fitness to undertake the most important of all reforms—social reform. That she will not assist in the spreading of Christianity goes without saying. But who can deny, whatever may be thought of the final efficacy of Christianity, that at least its doctrines lay down rigid rules of life, which, although they may not find universal acceptance in a community, make for national welfare in so far as they stimulate the public conscience and inspire the individual by the irresistible force of example. In this all-important matter of social reform Japan can have no mission to other countries in the East. Her claim to an ethical standard

is based upon the family system. And it has been shown that this system, with its imposition of inferiority upon womanhood, conduces rather than otherwise to the spread of vice as it is understood in the West. In this connection it is only necessary to refer to the dubious example already displayed by her presence in Korea and Manchuria. "The number of Japanese women of questionable character," wrote Messrs. Nishiuchi Tenkō and Yonezawa Shōzō, in the well-known publication the *Kirisutokyō Sekai*, "is so great in Port Arthur, Dairen, and elsewhere, that throughout Manchuria it has become a national disgrace. In Manchuria every Japanese woman is taken for a prostitute. In Port Arthur they are to be seen driving in carriages in a most barefaced manner and going in and out of high official residences. Most of the Japanese women who have gone to foreign countries have constituted a blot on the reputation of the country. In India, the Straits Settlements, America, and elsewhere, Japanese prostitutes swarm."

"After obtaining power in Korea and Manchuria," added the same writers, "by terrible sacrifices in the cause of humanity and in order to stop Russian aggression and immorality, we are now supplying those parts of the East with hundreds of bad characters." The claim that Japan has made terrible sacrifices in order to stop Russian immorality is a piece of arrant hypocrisy. It is true that in the days of Russian occupation Port Arthur and Dalny were to some extent given over to profligacy. At the same time, established in these places were mission churches from which Russian priests of exemplary lives preached to congregations composed of natives as well as of Russians the true principles of Christian morality. In other words, profligacy, though practised by a section of the community, received no sanction, but on the contrary was condemned in those essential principles which governed the community as a whole. This fact alone was in itself an influence for good among the Chinese people, in that it embodied a national spirit deprecatory to vice. On the other hand Japan can take no new religion to China. Her own Buddhism she has received from China. She who stands so sorely in need of social reform is unfitted for the task of enlightening other nations. She

can lay down no rigid rules for their guidance, for she has practically none which she herself observes. Her condition in this direction is little better than that of the countries whom she seeks to take under her wing. Because Japan, therefore, has made material progress in the arts of war and of commerce, Christianity should not abandon to her the great task of real reform among the teeming millions of the East. Should Christendom ever accomplish the conversion of Japan, it is highly probable that it will not be before all other Oriental countries have accepted Christian doctrines. The great obstacle in the path of missionary progress is recognition by the masses of the divinity of the Emperor. This recognition is in turn the outcome of the family system. How the one can be overcome without affecting the other is the difficulty that is in the way. Meanwhile the interesting question arises as to whether Japan, while rejecting Christianity, can work out her own social salvation.

Dr. H. Otsuka, a Japanese writer, attempts to ask the question, "What is to be the position of woman among us in the future?" "Is it," he adds, "to be that of the woman in America or is it to be that of the woman in France, England, or Germany, or are we going to take our models of feminine excellence and charm from the pages of our own history? In education, in morals, in religion, in philosophy, in art, the relative importance attached to certain characteristics by Occidentals and Orientals differ materially; two antagonistic principles are striving for the mastery; the majority of our thinkers, consciously or unconsciously, are fighting for the one or for the other. . . . There are times when one feels as Dr. Nitobe felt when he wrote his 'Soul of Japan,' and as Lafcadio Hearn felt when he described the moral beauty of old Japan; one fears that in their conflict with European civilisation our Japanese ideals will be gradually wiped out, that the good and the beautiful as we have known it and loved it will be sacrificed to the coarser forms of modern utilitarianism." The "Japanese ideals" and "the good and the beautiful as we have known it and loved it," to which Dr. Otsuka refers, find their mainspring in the ancient system of family life. Yet it must not be overlooked that under this system has been perpetuated the *Yoshi-*

*wara* with all its disgusting parade of vice, the *Geisha* whose lot is allied to slavery, and a code of law that permits of an average of nearly two hundred divorces daily, to say nothing of a society that sanctions concubinage. Japan can well afford to sacrifice some of her ideals for what Dr. Otsuka chooses to call the coarser forms of utilitarianism, but which in simple language is nothing more or less than a healthier and cleaner mode of life. Frequently we are told that the vitality of the Japanese people is proof of the success of their social organisation. The population is certainly increasing at the rate of nearly three-quarters of a million per annum, but a large proportion of the total is represented by illegitimate births. When it is remembered that the practice of concubinage still obtains, the mere fact that the women in the country equal the men in number would seem to explain the prevalence of the social evil in an acute form. As explained in a preceding chapter, the women of Japan are beginning to demand that they shall receive their share of enlightenment. Already their insistence has led to some small measure of emancipation. That they have yet much progress to make before they reach the standard obtained by their Western sisters is undeniable. In an article written recently by Viscount Suyematsu, the eminent publicist, on the future of the Japanese spoken and written languages, there occurs this singularly ingenuous passage: "The reception it met with" (the writer refers to a book he wrote in the pure Japanese language) "from the press was decidedly cold, and though written in language that *women and poorly educated people could understand*, it was not appreciated even by these." Comment in this instance would certainly appear to be superfluous. Many leading educational authorities in Japan, while overlooking the real canker of social evil, entertain the idea that the Western system of education, with its facilities for the meeting of the sexes, presents dangers to the moral welfare of a community. A number of unfortunate instances to support this view have occurred. At the same time these lapses are significant, inasmuch as they show that, given opportunity, the daughters of the higher classes are not as strict in their conduct as were their mothers whose lives were jealously regulated by the rigidity of the feudal régime.

Not long ago a set of rules for unmarried women were drawn up by seven prominent educationalists for distribution among girls' schools. These display a *naïveté* which merits their quotation in full:—

Art. 1.—Don't talk with young men in a closed room; the presence of a third party is required.

Art. 2.—Don't visit young men.

Art. 3.—Don't see a bachelor at his lodgings except under the guardianship of elder women.

Art. 4.—Don't communicate with young men; when necessary, send letters through proper (*sic*) men. Do not yourselves open letters which you have received from a stranger.

Art. 5.—Don't exchange photos and other articles with young men.

Art. 6.—Don't receive men in your bedchamber or sickroom.

Art. 7.—Don't go out, if possible, after sundown; when necessary, be accompanied by a chaperon.

Art. 8.—Don't travel or put up at an hotel without a chaperon.

Art. 9.—Don't live alone in any house without a chaperon, except it be the house of relatives or friends.

Art. 10.—Don't behave vulgarly towards men, taking every care in speaking and deporting.

Art. 11.—Don't speak with men and receive favours therefrom without being introduced to them in a proper manner.

Art. 12.—Don't go near such a person or place as may create suspicion or misunderstanding.

Art. 13.—Don't take a walk, or play games with young men, without a chaperon.

Art. 14.—Don't see young men off or meet them on a trip.

Art. 15.—Don't dress or undress in the presence of others.

It is inevitable that as the women of the better classes become educated to the point when they seek to exercise their own will, there should be instances where human frailty is in evidence. On the whole, however, their emanci-

pation will lead to the creation of a higher moral standard in the nation. It will enable them to bring an active influence for good to bear upon the men, and it must in the nature of things and in spite of all social barriers, lead to the establishment of a strict moral code that gives no sanction to concubinage or to evil in any form whatsoever. The uplifting of the masses will follow as a logical sequence, and a system that permits of wholesale divorce for no reasonable cause, and a law that recognises the right of parents to sell their daughters into the bondage of iniquity, will be abolished by the irresistible force of a healthy public opinion. Until that day comes, Japan's claim to civilisation will be inadmissible.

# XXIX

## EAST AND WEST

THE entry of Japan into the comity of nations has given rise to a never-failing topic of discussion that invariably centres around the comparison between the merits of the races of the East and of the West, and which evolves a question that is of all-absorbing interest: Is it possible or is it desirable that the races of East and West should assimilate? Kipling has perhaps summed up in the vague and picturesque language of poetry the conclusion that finds most favour. "East is East, and West is West, and never the twain shall meet." To those who have knowledge of the countries and the customs of the Orient, these simple and eloquent words possess a whole world of meaning. They were written at a time when Japan, so to speak, was in the melting-pot of nations; yet of Japan, as of other countries of the East, they are as true to-day as ever they were. The rapid advance of Japan within recent years, however, has led many of her enthusiastic admirers to believe that in her case Kipling's poetic prophecy is being or will be falsified. Wherever men meet, there is here provided a constant and absorbing subject of conversation. And if Kipling's words are quoted once they are quoted a thousand times in support of the view that a true reconciliation of the races of the East and West, and a fusion of their blood, is neither possible nor desirable. Frequently we hear Japan's claim to high recognition based upon what is termed her ancient civilisation. With this, however, the thoughtful student will not be so much concerned. It is by her modern civilisation that she should be judged. In other words, her right to take her place in the van of enlightened nations depends upon

her fitness at the present moment. She seeks to impress the world that she has a civilisation of her own; and while frankly admitting that much of her culture is due to China, she claims that through centuries of assimilation she has succeeded in attaining a standard of enlightenment superior in a marked degree to the Chinese civilisation that has survived the ages, and in many important respects not inferior to Western civilisation of the present day. In short, she sets up a pretension to what in the strictest sense of the term may be called Japanese civilisation. Moreover, she is inclined to an even bolder assumption than is here implied. In effect she argues that she is capable of imparting, to the advantage of the West, many elements of her own enlightenment, and is by no means disposed to admit that she has nothing to offer by way of exchange for the benefits she has derived from Western influences. As a matter of fact she entertains the view that as far as she has been affected by Western influences these have made merely for material progress, and that her own ethical standard is higher than that which obtains in other lands.

It was from China that she drew her ethical conceptions and found the inspiration that led her to build up her social system. The result was the foundation of a strong State and the creation of an aggressive patriotism that developed, by reason of its very fervour, an anti-foreign spirit that lingers to this day. Japan possessed advantages that enabled her to improve upon Chinese principles in their application to the needs and interests of the State. Small as a country compared with her continental neighbour, she found it possible to establish one great community out of the many communities of family life, and, while not destroying the system of patriarchal government in its limited sense, to induce the acceptance of the doctrine that the highest ideal of filial piety consisted in adoration of the Emperor as the supreme father of the whole race. This, however, was the beginning and the end of the advantages derived from the adoption of Chinese ethics in Japan. For it has already been shown that the present social system, which has remained practically untouched by Western influences, is defective inasmuch as it conduces to, if it does not actually

promote, the worst forms of immorality. It must be confessed that the individual Japanese embodies no realisation of those splendid ethical conceptions which have given rise to the accepted truth that the word of a Chinese, once given, can be implicitly relied upon. As a matter of fact, in business integrity the individual Japanese compares very unfavourably with the individual Chinese.

For the rest, the evidences of Chinese influences in Japan are concrete in form. They are to be found in the language, in the literature, and in the art of the country. Until fifty years ago, then, Japan's assimilation of foreign ways was limited to those introduced by her continental neighbour with whom, undoubtedly, she had much in common. These ways, adapted to her own peculiar needs, have helped her to her present position. It is true that from the West she has only derived what might be termed material progress. Not unnaturally she is reluctant to cut herself altogether adrift from the Chinese influences of the past. Nor is it likely, even granting she were so disposed, that in this generation she will lose them to any appreciable extent. The Chinese classics are still widely read throughout the land, and were their teachings to be rejected it follows that filial piety, which is the foundation of all things, would be endangered. The whole-hearted acceptance of the ethical conceptions of the West, more particularly in their relation to a moral standard, would of necessity involve something in the nature of a clean sweep of the existing social order. Here, then, lies the fundamental difference between East and West. It is here that we find one of the great barriers to racial assimilation. To say that the West does not understand the East, and the East cannot comprehend the West, is merely a platitude. It is because they understand each other so thoroughly that there is no possibility of assimilation. This mutual understanding is in the nature of a recognition of fundamental differences, differences which have an ethical rather than a material application and which form the basic principles that govern a state of society. The Japanese, therefore, are reluctant to accept to the full the teachings of the West, which prescribe a severe stigma for vice in the form of social censure; and they

cling tenaciously to a system that sanctions a wide degree of latitude in the conduct of their private lives.

There are in this world a number of more or less impossible idealists who believe in what they vaguely term the universal brotherhood of man. So obsessed are they in their altruism that they even go the length of advocating assimilation of the Oriental and white races. Should any one oppose their views he is instantly accused of being animated by race prejudice. For instance, we are told that the agitation in California, in British Columbia, and in Australia against the Japanese is alone to be attributed to racial hatred. The fact is often overlooked that there may exist well-founded objections of a social character to the presence of the Oriental in white communities. Reference to the chapters dealing with the status of women in Japan will certainly lead to a better understanding of the point of view of our kith and kin in regard to this all-important question of assimilation. Meanwhile it must surely be apparent to any clear-thinking mind, that a people who are not ashamed of the existence of concubinage in their midst, who reduce their women to the level of slaves, and who in certain instances barter the virtue of their daughters for a few pieces of silver, are unsuited from the standpoint of morality alone to assimilate with the peoples of Europe and America. On the other hand, it is argued that in a large measure the West owes its progress to the fusion of races. "Wherein lies the strength of the Anglo-Saxon race," asks the Rev. J. Ingram Bryan, a well-known ecclesiastic resident in Japan, "if not in this ability to rejuvenate its life currents from all sources, till it has become a blend of blood capable of being all things to all nations?"

The same writer endeavours to answer the question he has set himself in the following passage: "Had Britain not been able to amicably receive and effectively assimilate all the varied and valuable elements contributed by Angle, Jute, and Saxon, not to say anything of her later ceaseless inflow of Norman, Scandinavian, French, German, and other virile races that time has cast upon her shores, there could have been no Greater Britain, nay, nor even a Great Britain. Indeed, is not the enormous numerical

and industrial expansion of the United States itself but a proof that harmonious immigration is the life of nations; for there, on the vastest scale ever known in human history, behold a new race in its evolution, a people in the making, the result being, or to be, the essence of European and Asiatic achievement, concentrated in the proud and pretentious word, America. Any reasonable length of residence among the emigrant population of the United States will easily convince an observant person that if America can absorb, as she is apparently doing, the best and worst of Europe, she can hardly afford to draw the line at Asia."

Mr. Ingram Bryan is not alone in his advocacy of assimilation. There are others who support the views he advances. Happily for the welfare of the human race, however, these are few in number, and for the most part consist of individuals who, no matter in what cause, permit sentiment to overcome reason. In reality they are preaching a mischievous, if not a dangerous, doctrine — a doctrine, moreover, that among untutored minds may find only too ready acceptance. In their altruistic desire to give the broadest possible interpretation to Christian principles they forget this all-essential fact—that experience in many cases has shown that assimilation has brought about a condition that is altogether opposed to Christian ideals. Upon them must inevitably rest a serious responsibility for much of the real human woe that, in certain instances, has followed marriages between Oriental and white people, more particularly in regard to those where the woman has been of the white race. The subject is one that cannot be approached from a purely academic standpoint. To cite the evolution of the English race or the rise to prosperity of the United States is wholly beside the question. In neither country has there been assimilation to any appreciable extent with other than white peoples. There are, of course, instances where, as Mr. Ingram Bryan asserts, America is absorbing the worst as well as the best of Europeans. But such a statement—and it involves the exception—is untenable as an argument in support of assimilation with even the best of Orientals; for it must be remembered that whatever the class of Europeans who make America the land of

their adoption, they do not introduce a systematised code of morals that is the very antithesis of existing standards. The reference to the evolution of the British race as an illustration of the benefits to be derived from assimilation with the peoples of the East is equally unconvincing. When the British race as it is known to-day was in the making, Western civilisation itself was in a comparatively elemental stage. The fact that the early Britons were conquered and absorbed was evidence of their inferiority as a race. Since that remote period, however, the influence of Christianity has become widespread among the white peoples of the earth ; and wherever its teachings are heard a certain social standard which, directly or indirectly, guides the life of every individual in the community is set up. The Oriental races do not subscribe to this social standard. On the contrary, they possess their own ethical conceptions, which in the main are fundamentally opposed to Western ideals. Consequently, it is plain to see that the white races have nothing to gain, but, on the other hand, everything to lose, by any assimilation with Oriental peoples. Nor is there any real desire on either side for race fusion. As I have said already, for want of any better term the agitation against the Japanese in California and in Canada has been called race prejudice. As a matter of fact few people interest themselves sufficiently to ascertain the true significance of this enmity. Altogether apart from economic objections, the Californians and the Canadians detest the Japanese for the very reason that their social system is entirely different from that which rules in Western countries. The Japanese men who seek to establish themselves in large numbers among the communities on the Pacific Coast are for the most part rough-and-ready pioneers. They do not bring their wives with them, for it is not their intention to settle permanently abroad or to contribute to the lasting prosperity of the lands which they seek to exploit. Not unnaturally their treatment of the white women with whom they come in contact is bitterly resented. The writer is fully aware that he will be met with the argument that the moral condition of the West is not such as to warrant discrimination against Oriental races in the matter of assimila-

tion. But here again the question of the social conscience of the masses enters largely into consideration. Once more it becomes necessary to emphasise that of no country in the West can it be said that concubinage is condoned, or a legal status to marriage considered unnecessary by the community; that while divorces may be granted with ready facility in some of the States of America, things have not yet reached the lax stage where, as in Japan, on an average nearly two hundred unions are dissolved daily; and that the law of no Christian nation permits the existence of conditions which enable a father to mortgage the virtue of a daughter, a daughter who, more often than not, is a child of tender years. Surely, therefore, it is crass folly to attribute the attitude of our kith and kin in this all-important matter to blind race prejudice alone. It is a subject which does not lend itself to abstract speculation. Experience only can lead to a proper understanding of the issue involved. Sentimentalists may preach from now until doomsday, but they will never convince a healthy-minded white man that an Oriental will make a fit husband for his sister or his daughter. Those who remain all their lives in England, and who see and know little of the Japanese, are not competent to express an opinion. Not long ago the subject was made one of keen controversy in Japan, and although many leading publicists who had themselves married Japanese wives contributed to the discussion, in no single instance did they advocate assimilation as between the native man and the Western woman, while the majority were frankly opposed to assimilation of any kind. Professor Baelz, who is without doubt the most eminent living authority on ethnological matters in relation to Japan, and who is, at the same time, a warm admirer of the country, expressed the opinion that the idea of methodically crossing different human races as one crosses different breeds of horses and cattle, was absurd. "The most natural," he added, "and in the immense majority of cases the only possible thing for a Japanese is to marry a Japanese, and for a European to marry a European. No Japanese man living all his life in Japan will wish to marry a foreign girl. Nor will a European man living in Europe think of marrying a Japanese. But the thing may be different

with Japanese living for a long time in Europe, and with Westerners staying for many years in Japan, knowing the language of the respective country, and associating closely with the people. Then pre-conceived opinion and a certain feeling of reluctance natural at first may melt away, and mixed marriages have been the result. But, such cases being exceptional, mixed marriages will and must be exceptional too, and to encourage them beyond these limits would be hardly wise. . . . The Japanese adversaries of mixed marriages lay great stress on the fact that none of the Japanese girls educated abroad has married a foreigner. I wish to ask them two questions. First: if, as they themselves proclaim, marriages in Japan are arranged not by the young people but by the family, how on earth could the girls marry foreigners, as the family will certainly not select them as husbands? Second: has ever one of those girls been asked by a foreigner to become his wife? If not, where does the case come in?"

The journal conducted by Captain Brinkley, who is one of the few foreigners who has married a Japanese lady of gentle birth, and whose admiration for Japanese ways and customs literally knows no bounds, came to the conclusion that, "The question narrows itself to this, therefore: Are there any moral or material elements—apart from love—which make for the happiness of a Japanese woman married to a Japanese man, but which, on the contrary, tend to mar the happiness of a Japanese woman married to a foreign man? Evidently the point which forces itself into the forefront of such a comparison is the marital disposition of the man, and this may be resolved into two fundamentals, namely, kindness and constancy. Is it possible to claim that Japanese husbands treat their wives more kindly or show greater constancy towards them than foreign husbands do? We cannot think so. On that score most observers will admit that the advantage does not rest with the Japanese."

It will be seen that the subject is here dealt with exclusively in its relation to marriages between foreign men and Japanese women. The same journal admits, however, that the case is somewhat different where the wife is foreign

and the husband Japanese, on the score that few Occidental women have learned to accommodate themselves to Japanese domestic methods. It therefore concluded that the time had hardly yet come for mixed marriages in which the wife is European or American. The whole discussion arose as a result of a letter written to *The Times* by the late Bishop Awdry, then head of the English Church in Japan, who was in London at the time for the purpose of attending the Pan-Anglican Conference. "It is a happy thing," he wrote, "that it has been recognised by those who are making arrangements for the Pan-Anglican Congress in June that in regard to Japan at least there is no racial problem. Dr. Gulick in his 'Evolution of the Japanese' has proved up to the hilt that such differences of character as seem to divide the Japanese from us are the result, not of physiological, but of social evolution; and if they have been thus produced they may be thus modified or removed, whether the modification be from them towards us or from us towards them, or by mutual approach. Even in such a matter as intermarriage I see no reason against the finest and most progressive type of mankind resulting hereafter from a blending of the two, or generally of the East with the West, just as the fullest type of Christianity will assuredly not be seen till the finer qualities of all races have influenced the ideals of Christians and produced their effect on Christian character and practice. In regard to intermarriage, free union will not be wise until social ideals approximate pretty closely, and until each party understands before union the social ideals of the other, so that after union there may not be inevitable disappointment to either man or woman. Nor can it be denied that in this department of life the ideas which have come through the teaching of Christ are on a higher level, especially in regard to what is due to the wife, than those which prevail outside the influence of Christianity. It is probably in these ideals that approximation will be slowest, but it has begun and has advanced a considerable distance, for in Japan, law, ethical and utilitarian thought, and Christian influence are all working independently in the same directions."

It will be noticed that the Bishop did not advocate free union "until social ideals approximate pretty closely," and

he admitted with candour that "in this department of life the ideas that have come through the teachings of Christ are on a higher level, especially in regard to what is due to the wife, than those which prevail outside the influence of Christianity." When he added, however, that in these ideals approximation has made considerable progress, he failed to convey an adequate idea of the stupendous obstacles that must be overcome before assimilation can be brought within the bounds of practical discussion. The advancement of law, ethical and utilitarian thought, and Christian influence can only be measured by the social conditions that prevail in Japan to-day. These the writer has already shown to be far from satisfactory. As a matter of fact, while the Bishop was penning his letter to *The Times*, the Rev. J. T. Imai, a Japanese co-worker, read a paper before the Pan-Anglican Conference, in the course of which he outlined many of the deplorable features of Japan's social system such as have been set forth in the preceding chapters. As I have stated before, the Japanese are themselves opposed to assimilation, and many of them are compelled to agree that the social conditions and ethical conceptions of East and West are wholly irreconcilable. Their leading organ, the *Japan Times*, giving expression to what it considered to be Japanese general opinion, took the view that mixed marriages entailed a heavy sacrifice on the part of the wife. If the latter was Japanese, nine out of ten of her relatives and friends would object to her venture, and it was very problematical if her husband's love would compensate for the loss of family and social ties. If, on the other hand, a Western girl married a Japanese, the sacrifice on her part would be about the same. The journal, therefore, arrived at the conclusion that it was a mistake to encourage "international matrimony."

Count Ōkuma, the eminent statesman, has spoken with candour concerning the individual characteristics of his countrymen. When the immigration question was under discussion with the American Government he availed himself of the opportunity to remind the public that "though Japan, as a nation, enjoys a very excellent reputation

and high credit abroad, in point of knowledge and morality of the people, Japan often deserves the slights and disrespect entertained towards us by foreigners. There are several instances of Japanese as individuals being treated on the same footing with Persians, Siamese, and Chinese abroad, although Japan as a nation is ranked with the first-class Powers. This is inconsistent, but the Japanese cannot blame other than themselves. At the present juncture, when Japan joins hands with the United States in concluding the understanding for peace and friendship, it is meet that the Japanese people should unite in endeavouring, for the elevation of their character, to acquire knowledge and morality, so that the purposes of the Notes be the better achieved."

There is always present this serious danger, that the West, in viewing the progress of Japan, will accept the evidences of material progress as proof of mental and moral advancement. Japan is struggling hard to retain in her new state many of the customs and traditions of early times. In the end she will no doubt find—for this has been the experience of other nations before her—that conditions which were suitable to her state of isolation in pre-restoration days, and which found support from a system that was rigidly feudal, cannot be adapted to the modern requirements of international intercourse. Those who without reserve acclaim her achievements are only superficial observers. Their imagination is fired by her prowess on the battlefield, and by the signs of modern activity which are to be seen everywhere in the land, and the importance of which is magnified in consequence of their presence amid surroundings that are still in the main those of old-world Orientalism. It is not sufficiently realised that Japan has fought her way into the comity of nations by the power of the sword alone, and that she is maintaining her position there solely by reason of her commercial advancement. She still holds, with a tenacity that shows how deeply rooted is conservatism in the land, that her own social system is superior to that which obtains in Europe and America, and she points with pride to the contentment of her people and to their material prosperity. To this claim she is of course entitled; but it is nevertheless for the peoples of the

white races to say whether or not, maintaining as she does this self-satisfaction, her people are fit for assimilation. She can be judged by only one standard. That is the standard which we know, and which we believe to be the best. It must be concluded, therefore, that Japan has not yet made that true progress which alone can admit her claim to equality. In other words, she is only wearing the exterior garb of Western civilisation; heart and soul she is still Oriental. In an able and thoughtful article Dr. H. Otsuka, a Japanese publicist of some eminence, endeavoured to answer the question, "How far has Japan actually gone in the adoption of Western civilisation and how far, all things considered, is it desirable she should go?" He arrived at the conclusion that in a very large number of important particulars the Japanese mind had not undergone the least change. "No sooner do we proceed," he added, "to go beneath the surface and examine the real sentiments of our people than we find that the changes which have taken place are not half so fundamental as is generally supposed, and it is true to say that old customs and habits of thought have to-day among the bulk of the Japanese people as strong a hold on the mind as they ever had. There are not a few things in which the change that has taken place has been simply one of form. Such, for instance, is the attitude of our people to constitutional government. Few of them have any of the fundamental ideas which characterise constitutionally governed peoples in Western countries. If we proceed to explore the region of the Japanese mind a little further, and ask how far into its reserves Western science or Christianity has penetrated, we find that in respect to the great majority of the people the influence exercised by science and Christianity is absolutely *nil*. There is a certain very small section of people in Japan in whose heads there are scientific or Christian notions; but with the great majority of the people prevailing thoughts and sentiments may be traced to Shintōism, Confucianism, or Buddhism. Owing to this state of affairs there is at present great discrepancy between things exterior and things interior in this country. In respect of the former we have imitated Europeans, but

our minds are entirely controlled by traditional Japanese thought. Consequently we witness to-day in every direction the most glaring contradictions and inconsistencies. The notion that Western thought and Japanese thought have been happily blended cannot be entertained by anybody who has probed the depths of the Japanese mind. We have a number of Western laws in operation here, but it cannot be said that our people comprehend or appreciate the spirit of those laws. In the whole financial world we see much conflict between old Japanese ideas and ways and Western methods. This accounts for the slow progress we make in commerce and industry compared with Occidental countries. When we come to consider existing customs, tastes, ideas, morality and religion, we perceive that in modern Japan everything is in a very muddled state. The old and the new do not blend with each other in the way it is desirable they should do. Perhaps it is too early to expect this to take place. Perhaps, too, there are elements that can never blend. . . . Though individualism has doubtless benefited us much, we do not desire to see it prevailing in an unlimited degree. It seems to us that it might destroy that spirit of loyalty and patriotism on which our very existence as a self-governing nation so much depends. Though some people write very optimistically about our future, we cannot but feel some apprehension in reference to it. Our success in the two last wars we have waged was largely owing to the inefficiency and unpreparedness of our adversaries. China and Russia are both very big countries, with immense resources in men and money. But they are both badly governed, and have suffered much from corrupt practices up till now. If in either or both of these countries the Government were to radically change, so as to allow of the proper training of huge armies and the building of big fleets, our position in the Far East would at once become very precarious, and the most tremendous efforts on our part would be needed to save ourselves from subjugation. Now, to me it seems that the individualism and cosmopolitanism preached by Christianity are principles that in their very nature are subversive of the patriarchal and national solidarity which constitute our safety as a people. There can

be little doubt, we think, that Western civilisation and Japanese civilisation will eventually be united. But as yet the harmonising of the two systems has not proceeded very far. Prior to the final blending there will be a tough struggle between the two principles—the solidarity of Japan and the individualism of the West. The harmonising of the two principles can only be brought about by mutual concessions and compromises. It seems to me it would be a calamity were we to concede too much. The merits of our system are so manifest that to sacrifice them for the sake of peace, temporary gains, and the like, would be great folly on our part. . . . Though politicians have not as yet divided off in the way indicated above, educationists and scholars, religious teachers and lecturers on ethics, have most certainly done so. This is distinctly observable everywhere. In every social question, too, that comes up for discussion the inquiry is made: Shall we keep to our own special customs and traditions or shall we imitate Europeans? Is the Western home to be our model, or are we going to keep unaltered the special characteristics of Japanese domestic life? What is to be the position of woman among us?"

While the advocates of assimilation claim that the advancement of Japan as a nation entitles her people to be regarded as the equal of any other race, few if any of them are prepared for the marriage of Western women with Japanese men. In making this reservation they completely spoil their whole case. It is in the nature of a recognition that the social standard in Japan is inferior to that which prevails in Western countries. For it is indisputable that the marriage of a Western woman to a Japanese lowers her status in society and exposes her to the indignities that are inseparable from the operation of the Japanese social system. Happily, so far, there have been few unions of this kind; but if the public continue to be misguided in regard to the value to be attached to the exterior evidences of Japan's progress, there is a danger that increasingly large numbers of impressionable women will confide their destinies to the keeping of Japanese husbands. Owing to the presence of numerous Japanese abroad, due to the commercial expansion of the country, this danger has of late become a very real one. It is the solemn

duty of all publicists who are acquainted with the peculiar ideas of womanhood that prevail in the East to warn Englishwomen of the grave risk they run by associating with Japanese, no matter how highly educated these may be, or what positions of responsibility they may occupy. Even at the expense of wounding the susceptibilities of our allies the truth must be told, for Englishmen who are worthy of the name can have no loftier ideal than the protection of the womanhood of their race. To conceal or even to gloss over the known facts in regard to the lamentable results of mixed unions would be wilfully to expose women to a peril of no mean order, and would cast a reflection upon the honour of the whole race, inasmuch as it would amount to a virtual surrender of man's first duty—the guidance and the protection of woman. There is here no question of race prejudice. The motive is rather one of race preservation. Hitherto the marriage of women with coloured men has involved its own stigma. But if the Japanese are hailed as our equals, if not our superiors; if their heroism and their integrity is extolled to the skies in all the picturesque and polished language at the command of cultured writers; if their standard of civilisation is accepted without being understood; then, who can blame women, who from time immemorial have awarded their favours to men of attainment, should they seek to make the alliance between East and West more than one of political friendship—one of blood relationship? On the Pacific coast, where the Japanese are seen in large numbers, the subject now under discussion has led to the display of much acute feeling. In England, where the number of Japanese residents is comparatively small, and where as a consequence we have little opportunity of making ourselves acquainted with the workings of their social system, we profess not to understand the attitude of our kith and kin in California and British Columbia. We dismiss the matter with the somewhat supercilious comment that it arises from race prejudice. And taking race prejudice as their text, a misinformed press and an equally misinformed pulpit pour out sermon after sermon on the glorious ideal of universal brotherhood. Instead of fulfilling their proper function in life—the uplifting of humanity by the spread

of knowledge—they merely contribute to the aggregate of ignorance by lending their authority to sentimental platitudes arising either from their inability or from their disinclination to probe deeply into the question at issue. To any one who chooses to inquire, facts are available proving beyond the merest shadow of a doubt that mixed marriages, in which the woman is of the white race and the man an Oriental, are attended by unutterable misery—misery that is invariably confined to the unfortunate lot of the wife. It may be urged that this state could only result where the Japanese belonged to the lower orders. Instances that have come within the knowledge of the writer conclusively show this not to be the case. Japanese men of all classes are more or less imbued with a common idea in regard to womanhood, and it is the better classes who are generally seen abroad. Obviously names cannot be mentioned, but I have in mind more than one instance where members of the nobility and Government officials, whose status in their own country gave them an open door to European society, have treated foreign wives with a degree of indignity, and often with a callous disregard for even the most elementary of humane principles, that should place them outside the pale of civilisation. A simple and effective illustration of the danger attending such unions may be afforded by the presentation of a hypothethical case. A narration of a story on these lines is only made possible by a knowledge of unhappy circumstances that have occurred in real life, no less than of the general conditions that govern the social organisation in Japan. An English girl who has never left her own country, and whose parents have little if any idea of Oriental life, meets a Japanese in London. His manner has some fascination for her. To begin with he is extremely polite in his attentions. She on her part does not know that this politeness is merely a habit, and that his obsequious bows have no more significance than the common handshake with which her own countrymen greet each other. Certainly she is unaware that in Japan women receive scant courtesy, and that they are expected to follow at a respectful distance in the wake of their lords and masters. Doubtless his worldly position makes an impression upon her. Perhaps he is a

Government official or the representative of a commercial concern. At any rate she judges from his attire no less than from the free and easy way in which he spends money that he is a gentleman. Again she is woefully misled as a result of the ignorance that is not alone hers but which is unfortunately only too prevalent among all classes of the community. She does not know that whereas in England he is provided with ample funds in order that he may carry out his instructions to impress those with whom he comes in contact, and with whom in nine cases out of ten he hopes to transact business of some kind or other, in Japan his position is regulated by the very low economic standard of the country. Vainly she imagines that Japan is a land filled with people of a similar type to the Japanese whose acquaintance she has made in London. Her view is further distorted by the glowing and altogether untruthful accounts concerning Japan and the Japanese which are widely circulated in the English language; and she begins to pine for the glorious East, the East where dwell a people who know no sadness, no vice, the East where all is beautiful. Assisted by the picturesque descriptions of her Japanese acquaintance, she conjures up visions of a little bamboo home nestling amid the crooked pines by the side of some placid lake, into whose warm waters are cast the shadows of the snow-capped *Fujiyama*. Her Japanese friend soon begins to display the quality of generosity. He makes her a present of some charming novelty—shall we say a lacquered handkerchief box, upon which in golden lines is represented a little landscape suggesting at a glance all the attractive quaintness of rural Japan? As the friendship ripens he confides that he is of Samurai birth. She of course is ignorant of the fact that all Japanese when abroad are invariably of Samurai birth. She looks upon him as her knight-errant, and her foolish little mind dwells in the hallowed atmosphere of the days when chivalry and conquest went hand in hand. Perhaps he supports his statements by showing her his two ancestral swords, and while she listens with befitting awe, he recounts to her the thrilling circumstances in which these trusty weapons have been wielded. The chances are that he will make her a present of a

delightful silken *kimono*. This gift above all else commends itself to her. She dreams of a land filled with people all attired in a similarly picturesque manner, and at the fancy dress dance she doubtless attends she is acclaimed to be the most tastefully dressed figure. This poor child, however, does not know that the Japanese are possessed of a perfect mania for giving presents, and that for their own subtle ends not only do they endow their friends but also their enemies with gifts both rare and precious. She is about to become engaged to her polite, smiling little suitor. One question remains to be settled. Is he a Christian, or does he worship the gods of wood and stone? Of course he is a Christian. How possibly could any doubt have arisen in the matter? To prove his sincerity in this all-important matter he accompanies her to church Sunday after Sunday, and no one in the congregation, not even the priest at the altar himself, is more devout than this gentle little convert from the land of the mystic East. The marriage is celebrated, the Church gives its blessing to an unholy union, and the parents are relieved of the financial responsibility of maintaining a daughter. As soon as the time arrives when his mission in England is at an end, and he is about to depart for his own country, there is no earthly reason, from his point of view, why he should not desert his English wife. On the other hand, the social conditions that prevail in Japan are an inducement to him to adopt this iniquitous course. He realises that, as soon as he lands at Yokohama, his income will be reduced in proportion to the low economic state of the country. In these circumstances he recognises that a foreign wife is a luxury altogether beyond his resources. Moreover, he is not unmindful of the fact that a foreign wife holds what appear to him to be peculiar notions in regard to the status of her sex. In any case he may consider her altogether superfluous. He can readily rid himself of the burden owing to the easy facilities for obtaining divorce in Japan. The knowledge that his own countrymen are opposed to the idea of Japanese marrying foreigners, and that his wife will seek to occupy a position that is not in keeping with the family system, influences this decision in no small measure. He therefore abandons his wife, returns to his

country, secures a release from the tie, marries a native woman, and in all probability becomes a confirmed polygamist. Here we are treated to the worst side of the picture—a side, though happily not often seen, yet not without its example in real life. For the purpose of illustration, however, we will assume that the Japanese decides to take his foreign wife back with him to the land of his birth. Not long after her arrival she receives the shock of disillusion. She finds that her husband is no longer possessed of worldly riches. In London she probably resided with him in some luxuriously furnished dwelling, the upkeep of which was defrayed by some special grant given expressly for the purpose of enabling him to keep up appearances while abroad. In Japan she finds that the picturesque bamboo dwellings of her imagination are nothing more or less than uncomfortable little wooden huts which would be regarded as unsuitable for human habitation even in the backwoods of America. The walls consist of paper squares set in bamboo frames; the floors are covered with cold, patternless matting, not with the richly designed carpets she in her day-dreams has associated with the divans of the East; and the furniture and appointments are usually limited to a cushion for each person, a *kakemono* or scroll, and a vase of flowers. The rooms of a house occupied by the middle class Japanese can only be compared in size with the diminutive apartments of the humble cottage in out-of-the-way English villages. When the wind blows the whole structure creaks and groans much after the manner of an ancient wooden craft at sea in a storm, while the ill-fitting sliding walls rattle incessantly. In winter the only warmth to be derived springs from a charcoal brazier the fumes of which are objectionable and injurious to her. Charcoal has a tendency to overheat the rooms so that the atmosphere becomes almost unbearable to any one unused to the conditions of Japanese life, while the only means of ventilation consists in drawing aside the walls or screens, and thus admitting a counter-irritant in the form of icy draughts. These discomforts by no means exhaust the domestic tribulations of the foreign wife. For among other things she finds that the food is altogether an acquired taste, that the wooden baths take several hours to heat, and that

the beds consist of nothing more than a few quilts placed upon the floor at night-time. Her only compensation as far as household management is concerned is the discovery that in Japan servants are excellent in every respect, that they work long hours for little remuneration, and that in the politeness of their manner they leave nothing to be desired. While doubtless she will be favourably impressed with the scrupulous cleanliness maintained in every nook and corner of the house, she will not be able to escape the reflection that this has only been rendered possible owing to the complete absence of comfortable furniture. In short, she will not be slow to realise that her new surroundings lack that cosy atmosphere she associated with her home in the West. There may of course be instances where Japanese husbands are able to afford a home for their wives, modelled upon foreign lines. The conditions of Japanese domestic life as I have described them, however, are such as would govern any household save those of the wealthy class.

Irksome as would be the lot of an English wife from the purely domestic point of view, it would be rendered well-nigh hopeless by reason of social conditions. To describe these would merely be in the nature of repetition. It is sufficient for present purposes briefly to draw attention to the grave dangers that may beset any unfortunate girl who leaves these shores as the wife of a Japanese. She herself, with a knowledge that has been confined within the limitations of the educational system in England, can have no real idea of the future that lies before her. In all probability her parents are wholly unacquainted with the social life that prevails in Japan. Their view of the country and its people is derived solely from the pages of the many effusive works called forth by the rapid though material progress made during the last fifty years. When the real truth becomes known there is no doubt that these unnatural unions between English girls and Japanese men will cease. If the girls themselves are not possessed of sufficient sense to realise the peril, then it is the duty of the parents to exert their influence to the full in order to prevent the sacrifice of their daughters to what is more often than not a life of perpetual misery and degradation. At

least they should insist that their children are not made the victims of ignorance. They should explain to them that in Japan divorce is easy of attainment, that concubinage still flourishes, and that the social system imposes upon a wife a rigorous discipline, even to the extent of insisting in certain circumstances that she shall be obedient to her own son. Instances can be cited where Japanese have deserted their foreign wives and their Eurasian children, and for this offence the law provides no real redress save the dissolution of the union. The plight of a girl stranded many thousand miles away from home, in a community all sections of which, both foreign and Japanese, treat her with something akin to contempt, may well be imagined. Assuming that her marriage turns out happily in regard to the fidelity and affection of her husband, her lot in society is still an unenviable one, and if she is gifted with the least sense of self-respect, her life must of necessity be one of loneliness if not of isolation. As already observed, marriages between English girls and Japanese men are fortunately rare; but the data already available affords overwhelming proof that in the majority of cases they are nothing short of disastrous.

One can, of course, conceive Japanese who are sufficiently enlightened to realise the evil that results from the operation of their own social system, and who are prepared to aim at the Western standard of morality; but it must be confessed that where there are no rigid rules to govern the community at large, discrimination in regard to individuals becomes exceedingly difficult, and should not be left to the judgment of a mere schoolgirl. So long, therefore, as the social system is constituted as at present, the women of the West cannot exercise too much caution in the regulation of their acquaintanceship with Japanese men. That the highest as well as the lowest in the land are not to be trusted—I use this word in its common, and perhaps its most correct acceptance—was shown in a case that received widespread publicity in the English press. While staying in London, Count Todo, who belonged to an ancient and noble family in Japan, married an English lady of Hungarian extraction. He returned to Japan alone, on the understanding that his wife would follow him later.

Shortly after arrival in his own country, it was suggested that he should marry an Imperial princess. The only obstacle in the way of what was, from his point of view, an eminently desirable alliance, was the unfortunate fact that he was already married. In Japan, however, this obstacle was by no means considered insurmountable. Steps were immediately taken by the family to obtain a secret divorce, and the procedure adopted, though simplicity itself, was nevertheless conducted in strict accordance with the statute requirements of the country. In order to make his union with the Englishwoman legal in Japan, and as a preliminary to securing a divorce, he registered his marriage at a local police station. With as little delay as possible he then proceeded to take advantage of the law which provides that, in the event of a wife offering no objection to the dissolution of a marriage, the marriage entry in the police register may be cancelled on the application of the husband. As the Countess was in Europe at the time, and was unaware of these proceedings, she was precluded by circumstances, over which she had no control, from offering any objection. As soon as his release was obtained, and in order to conceal the fact of his previous marriage, knowledge of which in Court circles might have jeopardised his engagement to an Imperial princess, Todo promptly removed his residence into another police district. Owing to the vigilance of a newspaper the whole scandal suddenly became public. By this time, however, the Emperor had given his consent to the wedding, and congratulations were being showered upon the family of the young nobleman. An inquiry established the truth of the newspaper revelations, and as a consequence the Count was deprived of his patent of nobility, and of course his engagement to the princess was immediately terminated. The grounds upon which he was punished, however, afford a singularly illuminating insight concerning the Japanese view of mixed marriages. His despicable ill-treatment of a foreign lady does not appear to have entered seriously into consideration. The gravity of his offence lay in the fact of his having contracted a mixed marriage, and thus lowered the dignity and prestige of the nobility of Japan. It is no

exaggeration to say that, had it been possible for an English gentleman to have been guilty of such conduct towards a Japanese lady, he would have exposed himself to a long term of imprisonment, and incurred the lasting condemnation of his fellow-men. It will, no doubt, be urged that the records of the Divorce Court in this country are not such as to entitle us to censure the morals of the Japanese. In the case under discussion, however, that of Count Todo, the ill-treatment consisted of the callous way in which, for his own purposes alone, he secured a divorce. In other words, there was complete disregard of the position held by the wife. Certainly no parallel instance can be cited as having occurred during recent years in England. The English law affords the woman ample protection, inasmuch as it provides a permanancy in marriage where fidelity on her side is maintained. What guarantee has an English girl who becomes the wife of a Japanese, that she will not be treated with a contempt similar to that which characterised the conduct of Count Todo towards the unfortunate lady whom he married and abandoned in London? It cannot be denied that in the light of experience the question has become an exceedingly pertinent one. Again the sentimentalists may argue that the matter is one that may well be left to the choice of the girl herself, and that all Japanese are not so unscrupulous as was Count Todo. But how is it possible for a girl who knows little of Asiatic customs, and who has derived that little from a perusal of laudatory articles in the Press, from musical extravaganzas, and from the common hearsay among the uninstructed public, to judge on her own account of the fitness or otherwise of a Japanese as a partner in life. So long as society remains as at present constituted in Japan, so long will it present temptations likely to undermine the resolution of even the most enlightened of men. It provides no security in the married state, and without this the position of women as the mothers of the race is reduced to a degree of degradation that is fundamentally opposed to the essential principles of a true civilisation. While boasting of their family system, the Japanese do not deny that it is based to a large extent upon a recognition of the inferiority of woman, made manifest

in her complete subjection to man. On our side, however, we must show that our family system forbids our daughters relinquishing a life of freedom to enter a house of bondage. The Japanese, therefore, must not be permitted to marry English women. This much, at least, is demanded by our ideals of social purity.

In cases where foreign men marry Japanese women, the resultant evil is not so much in evidence as in unions between foreign women and Japanese men. The man invariably raises the woman to his own standard of life. She, on her side, is not slow to appreciate the process of her emancipation. To her the idea of being treated as an equal is entirely new; while the domestic character of her early training, when further developed along European lines, makes her an excellent and withal contented little housewife. It is extremely doubtful, however, whether she ever loses the traces of the discipline to which she has been subjected when under her parents' roof. Rarely does her individuality assert itself sufficiently to enable her to become the companion of her husband. She remains gentle, to the point of submissiveness, tender to a degree that is almost angelic, patient to the extent of complete self-abnegation. There are, of course, exceptions to the rule, and the writer is aware of several instances where the wives undoubtedly occupy the position and prestige of the dominant partner. Japanese women who have contracted marriages with foreigners are not slow to admit that their lot is happier than it would have been had they chosen Japanese husbands. During the war I spoke with several Japanese ladies who were the wives of prominent Russians, and more than one of them, with tears in their eyes, expressed their regret at the situation, adding, "The Japanese do not understand the Russians, who, in reality, are nice, kind people." With few exceptions, the Japanese wives of foreigners do not belong to the higher classes in the land. In certain instances society in Japan is capable of imposing a stigma upon the private life of the individual. This applies to the marriage of a Japanese woman with a foreign man. Moreover, the masses still regard foreigners with suspicion, if not with fear. On the occasion of my last

visit to the country I visited the house of an Englishman, whose wife was Japanese, and on my expressing admiration for the efficient manner in which her servant performed her duties, she related to me how the maid, whom she engaged from the country soon after their wedding, for some considerable time regarded her husband as an object of terror. Indeed, she had some difficulty in inducing her to stay, and for several months whenever her master entered the house, she would run away and hide herself in cupboards and corners, and would not emerge until she was sure that he had left the premises.

There is another and a most important aspect of all marriages between foreigners and Japanese. This aspect relates to the children of the unions, and has already been discussed at length by students of ethnology. Foremost among these is Professor Baelz, who, in a recent contribution answering a correspondent who signed himself "Ethnolog," repudiated the prevalent idea that Eurasians inherit mainly the bad qualities of both parents. "If he," added Professor Baelz, referring to "Ethnolog," "will look into Keane's 'Ethnology,' the leading book in England on the subject, he will find that theory strongly criticised and rejected there—for very good reasons too. The only instance of crossing the white race on a large scale with another under favourable conditions we have in Latin America. By far the greatest number of people there have more or less Indian blood in their veins. Yet will anybody contend, that the Mexicans, Chileans, Brazilians, are inferior to the Indians proper? The aborigines of America are universally regarded as standing nearest to the yellow race, so even *à priori* it is probable that the half-breds in Japan, too, will not necessarily be inferior. But we have positive proofs for that, and on this point I may speak with a certain degree of authority, having been the first, and in fact up to this day the only scientist, who has made a special study of the comparison of the physical qualities of the Japanese and European race. Besides, as a physician in Tōkyō during thirty years, I have had the opportunity of examining an unusually large number of *Aino-ko* (half-breds), and I have paid particular attention to them. The result of my observations is that they are

a healthy set of people, and I do not hesitate to say that not one of 'Ethnolog's' arguments against them is supported by science. They are on an average well built, and show no tendency to organic disease more than Europeans or Japanese do. This is the more remarkable as many of them grow up under unfavourable circumstances, the father often having left them with little money to the care of a mother who has no authority over them. This is a particularly important point if the moral qualities are considered. In Europe, too, we know that abandoned illegitimate children very often turn out badly, and a fair comparison must take that into serious consideration. To make quite sure about the intellectual and moral qualities of the *Aino-ko*, I have asked the opinion of the man who is more than any other qualified to give an authoritative judgment—Mr. Heinrich, the Director of the School of the Morning Star. He has had in his classes, side by side, Europeans, Japanese, and almost all the male half-breds in Tōkyō. His opinion is, that if properly brought up and well-looked after, the half-breds are morally and intellectually in no way inferior to the children of both races. As a rule they are taller and more robust than the Japanese, and in every branch of learning they are fully up to the standard of their fellow-scholars."

When Professor Baelz cites the peoples of Latin America it will be observed that he does not go so far as to assert that their assimilation with the Indians has produced a superior race. The conclusion is inevitably forced upon one that the white people who established themselves in South America would have been better in every respect had they preserved the purity of their race. Captain Brinkley also contributed to the controversy a defence of the Eurasian. "We desire to submit," he wrote, "for his (Ethnolog's) consideration the following figures, embodying the results of our own observation spread over some thirty years. The total number of Eurasian children that have been known to us directly or indirectly throughout that period is 179. Out of these 7 have died, and the causes of death were: child-birth, 2; typhoid fever, 1; peritonitis, 1; whooping cough, 1; and disease of the lungs, 2. Thus

out of the whole 179 persons declared by 'Ethnolog to be 'universally susceptible to diseases of the heart, lungs, and brain,' not one died from diseases of the heart or brain, and two only from disease of the lungs. Among the remaining 172, one is hysterical, and two are below the normal standard of intelligence, but all three cases are directly attributable to an aged, intemperate, or diseased parent. Two of the men are *mauvais sujets*, and one, though now a respectable member of society, sowed a good deal of wild oats in his youth. It results, then, that 169 have grown to maturity, and we may add that 166 of them are endowed with more than the average of moral and physical properties, though many have not by any means enjoyed average opportunities."

The theory has been advanced that after a few generations mixed races die out. In regard to Japanese Eurasians sufficient *data* is not yet obtainable to warrant the formation of any definite opinions on this or any other aspect of the problem, and its discussion is therefore premature, inasmuch as it cannot be otherwise than inconclusive. It is not wholly irrelevant, however, to observe that the physical qualities of the Japanese cannot compare favourably with those of Western peoples. To begin with, they are an under-sized race. Moreover, it cannot be denied that their capacity for sustained effort is inferior to that displayed by the best of Western races. This is evidenced by the employment in factories of a far larger number of hands than in corresponding establishments in Europe and America. In a comparison of the physical qualities of the Japanese and Western races, upon the result of which depends in a large measure the whole question of fitness or otherwise for assimilation, health is a matter of primary importance. The data given by Captain Brinkley in regard to Eurasians is altogether inadequate. Even vital statistics cannot be accepted as wholly conclusive. A reference to the general conditions of health in the nation will best suit the immediate purpose. There is no doubt that the Japanese as a race are specially afflicted with diseases of a contagious or infectious order. Dr. Yamane, a prominent physician, speaking in the Diet some time ago, estimated that the number of persons suffering from *trachoma*

was no less than 918,000. Subsequently he stated that whereas in 1830 the proportion of deaths from consumption in Tōkyō was 15 per cent., ten years later it had risen to 25 per cent., while now it stood at 30 per cent., thus accounting for not much less than one-third of the total mortality in the capital. Additional statistics relating to the whole country showed that in 1904, 34,086 males and 35,021 females died from consumption, and that from 1889 to that year there was a steady rise in mortality. Other figures reveal the fact that the number of lepers in the country increased from 23,000 in 1897 to 30,300 in 1900. Cancer is another disease that is also largely prevalent, and it has been responsible for the deaths of many illustrious persons whose efforts have been identified with the rapid progress of Japan. "We are not aware," declares the *Japan Mail*, a journal invariably sympathetic towards Japanese interests, "whether statistics show that this terrible disease prevails on a proportionately larger scale in Japan than in other countries, but if a judgment may be based on the number of cases that have fallen under our own immediate observation, we should have no hesitation in saying that Japan is specially afflicted. . . . It will be fresh in the memory of our readers, that during recent years the prominent men in Japan who have fallen victims to this fell disease are the two Iwasakis, Marquis Saigo, Mr. Nakai Takosuke, Mr. Hashimoto Gaho, Prince Iwakura, Baron Sannomiya, General Kawakami, Mr. Ohashi Shitaro, and several others."

In view of all the circumstances it must be confessed that the danger of the transmission of disease is in itself a sufficient barrier to assimilation with the Japanese. Here again the comparatively few individual instances where unions have resulted in the birth and maintenance of healthy children cannot be cited in support of mixed marriages. As in the case of the social system, general conditions can alone be taken as the real basis for argument, and until there is a material improvement in these, any advocacy of assimilation cannot receive serious consideration. Nor, indeed, must it be imagined that the social system of Japan leaves untouched the status of Eurasian children. They are regarded as be-

longing, in the strict sense of the term, to no nationality, and their position in society, whether it be European or Japanese, is an unenviable one. When all has been said that can be said for and against assimilation, the final judgment must be that whereas in certain instances it has not proved disastrous, its adoption on a large scale would be calamitous in the extreme to racial interests. The Japanese have their own ideas of life and its mission in the world. These they claim to be the mainspring of an ancient civilisation no less worthy than that of Christendom. But as yet they are merely standing upon the threshold of nations. Time alone will show whether or not the material progress which they have already achieved can be maintained without a radical change in the fundamental beliefs that are the basis of their social system. And doubtless time will prove that they cannot select the material benefits of Western progress while rejecting the essential spirit which has rendered these enduring, and that, in short, they will be compelled to seek their inspiration in the moral power that has given to the West its grand and heroic ideals no less than its glorious achievements in the van of the world's activity. Japan cannot stay the unseen hand. But so long as she perpetuates her present evils under the guise of an ancient civilisation, so long will her people be looked upon as of an inferior race. She cannot render secure her place in the comity of nations and at the same time remain outside the community of true civilisation. The West judges her by the only standard which it knows, the only standard in which it believes. And judged by this standard she is to-day still an Oriental nation groping in a darkness out of which appears but the faintest glimmering of light.

# XXX

## THE EDUCATIONAL SYSTEM

IN no other sphere of national activity has Japan made more real progress than in that of education. Forty years ago her people were as unenlightened as were their neighbours, the Chinese and the Koreans. Indeed it was to the beneficent influences of China that they owed such little learning as they possessed. Throughout the Middle Ages the Buddhist monasteries were the centres of instruction; but from the seventeenth century onward the nobility and the Samurai followed the teachings of the Confucian classics. In no period of history anterior to the Restoration, however, was there any universal system of education accessible to all classes, and, in the words of a well-known Japanese educationalist, the masses were immersed in a sea of ignorance. "In matters of art and manufacture," wrote the same authority, "they went by a mere routine of practical experience, with no kind of scientific knowledge whatever. In religion and social usages they were slaves of superstition, being in constant terror of offending the spirits of land, water and fire, of wood and stone. In politics, the narrowest particularism ruled the day, the patriotism and interests of a Japanese being confined within the narrow limits of one of three hundred principalities which split up the Empire; a rudimentary sort of national sentiment being only noticeable in the universal hatred of 'foreign barbarians.' To be sure, there was an educated class—the Samurai—who had the monopoly of political and military privileges, and who, numbering perhaps one-fifteenth of the population, were in a way highly cultured, remarkably free from popular superstitions, and leading lives characterised by uprightness and devotion to duty. Yet the culture of these men was as one-sided as that of a Chinese man-

darin; and in matters of science and the outside world they were as ignorant as the most ignorant of their countrymen. That out of this sea of ignorance there arose a new Japan, civilised, free and strong, was due more to the introduction of a modern system of education than to any other one thing."

A glimmer of Western learning penetrated the land through the medium of the Dutch traders who were segregated on an island near Nagasaki. Students paid them handsome prices for foreign books; but these they were compelled to read in secret, for it was recognised that if a Japanese was discovered learning the ways of the "foreign barbarians," he would incur the wrath of his countrymen. With the coming of the Restoration in 1867–8, the veil of ignorance lifted, and the acquirement of knowledge was pursued with a fervour that extended to all classes of the community. It was to America that Japan first turned for guidance in the shaping of her national educational system, but it was not long before students were to be seen in all the principal capitals of Europe. The novelty, no less than the utility of Western learning, instantly appealed to their minds and awakened their dormant faculties of intelligent assimilation. So keen were they in the pursuit of their studies, that in many instances they supported themselves abroad by following humble occupations, and not a few of them secured positions in domestic service. Their haste to acquire knowledge led to a certain amount of superficiality which, on their return to Japan, was accepted as real learning, thus retarding the early progress of the country. During the last eleven years Japan has succeeded in improving her educational system to such an extent as to render it the equal of that existing in any Western land. The following comparative table will show at a glance the progress she has made in this direction:—

| Institutions. | Number of Institutions. | | | Teaching Staff. | | | Students and Pupils. | | | Graduates. | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1898. | 1908. | Increase. | 1898. | 1908. | Increase. | 1898. | 1908. | Increase. | 1898. | 1908. | Increase. |
| Blind and Dumb | 7 | 38 | 31 | 37 | 208 | 171 | 291 | 1,684 | 1,393 | 28 | 184 | 156 |
| Normal Schools | 47 | 69 | 22 | 760 | 1,176 | 416 | 10,350 | 19,359 | 9,009 | 4,916 | 8,482 | 3,566 |
| Higher Normal Schools for Men | 2 | 2 | ... | 103 | 122 | 19 | 731 | 975 | 244 | 106 | 240 | 134 |
| *Middle Schools | 169 | 287 | 118 | 2,608 | 5,462 | 2,854 | 61,632 | 111,436 | 49,804 | 3,067 | 15,291 | 12,224 |
| *Girls' High Schools | 34 | 133 | 99 | 406 | 2,011 | 1,605 | 8,589 | 49,273 | 40,684 | 962 | 9,179 | 8,217 |
| Higher Schools | 6 | 7 | 1 | 351 | 291 | —60 | 4,664 | 4,888 | 224 | 970 | 1,239 | 269 |
| Universities | 2 | 2 | ... | 230 | 503 | 273 | 2,560 | 7,370 | 4,810 | 477 | 1,300 | 823 |
| Special Schools | 41 | 52 | 11 | 600 | 1,744 | 1,144 | 11,142 | 26,318 | 15,176 | 1,657 | 4,124 | 2,467 |
| Technical Schools | 91 | 5,301 | 5210 | 927 | 5,744 | 4,817 | 13,286 | 250,623 | 237,337 | 2,212 | 50,476 | 48,264 |
| Teachers' Technical Schools | ... | 3 | 3 | ... | ... | ... | ... | 173 | 173 | ... | 52 | 52 |
| Teachers' Institutes | ... | 4 | 4 | ... | 42 | 42 | ... | 87 | 87 | ... | 61 | 61 |
| *Higher Normal Schools for Females | ... | 1 | 1 | ... | 45 | 45 | ... | 365 | 365 | ... | 71 | 71 |
| Elementary, Apprentice, Primary Industrial, and other Schools outside above named † | 28,022 | 29,297 | 1275 | 86,941 | 129,738 | 42,797 | 4,134,096 | 5,684,307 | 1,730,211 | 611,748 | 1,108,030 | 496,282 |
| Total | 28,421 | 35,196 | 6775 | 92,963 | 147,086 | +54,183 −60 | 4,247,341 | 6,336,858 | 2,089,517 | 626,143 | 1,198,729 | 572,586 |

* Later statistics give 294 Middle Schools and 160 Girls' High Schools; while there are now a second Higher Normal School for women, opened in 1909, and an additional Higher School for male students, founded in 1908.

† In this category are included the following figures relating to other educational institutions for girls:—Number of schools, 191; number of teachers, 1146; number of pupils, 12,075.

Elementary education extending over a period of six years is compulsory in the case of all children between the ages of six and fourteen years. Whereas thirty-seven years ago only 28 per cent. of the children in the country received any education at all, the latest figures show that to-day between five and six million pupils attend the elementary schools; or in other words, of the total number of children legally obliged to attend, 98.5 per cent. of the boys and 96.1 of the girls were actually enrolled as pupils. The responsibility of providing for the free education of every child falls to the lot of the local authorities, who are expected also to see that the attendance is maintained. There are two grades of primary school, the ordinary and the higher schools, and a pupil having passed from the one to the other may, if he wish, at the end of the six years extend the term by a further period of two or three years. The curriculum both in the lower and the higher grades of elementary schools comprises the study of Japanese, geography, arithmetic, science, national history, drawing, singing, and gymnastics, while an important feature in the school life of every child is the instruction given in "morals."

Middle Schools for boys and High Schools for girls provide a course of secondary education extending over a period of five years in the former, and either four or five years in the latter case. In both instances the term may be prolonged by special arrangement. Owing to the fact that the Middle Schools do not yet afford adequate accommodation, boys, who, having passed through the primary course of six years at elementary institutions, wish to proceed further with their studies, are obliged to enter a competitive examination in order to qualify for the higher institution. So limited are the facilities in this branch of education, however, that not more than 56 per cent. of qualified applicants are admitted to the schools. The curriculum of the Middle Schools comprises morals, Japanese and Chinese, English, history and geography, mathematics, natural science, physics and chemistry, political economy, drawing, singing, military drill and gymnastics; while the subjects taught in the Girls' High

Schools are as follows: Japanese, English, history, geography, mathematics, natural history, drawing, housekeeping, sewing, music, and gymnastics.

For the youth of Japan a stepping-stone to higher education is afforded in what are known as Higher Schools, so that a boy wishing to enter the University must first attend one of these institutions for a preparatory course of three years. During this period he receives instruction in Japanese and Chinese classics, two foreign languages chosen from English, German, and French, and special subjects intended to fit the student for entry into one of the various colleges associated with the University. Altogether the Government maintains eight of these Higher Schools in different parts of the Empire. It is admitted that they have been called into existence largely owing to the necessity for teaching foreign languages to students who wish to enter the Universities. The present system is in many important respects defective. Students leave the Middle Schools with only a scant knowledge of English, and when they reach the Higher Schools they are faced with the difficulty of learning two foreign languages at the same time. Moreover, many of their teachers have by no means a thorough knowledge of the foreign tongue which they profess to impart to others. Consequently when young men enter the Universities they are unable to comprehend the lectures given in foreign languages or to write an intelligent thesis in any other than their own language. It is clear that the examinations which precede admission to the University course are loosely conducted; but it can readily be understood that if the Japanese teachers are themselves incompetent, the education of the young men under their charge would be delayed until middle age were stricter conditions enforced. As a matter of fact the progress of the Japanese is retarded owing to the complexity of their own language, the written characters of which may be said to involve a constant study. Moreover, the difficulty of its adaptation to the requirements of Western studies is considerable, and in many respects impossible of attainment. The English language is therefore used as a means of imparting higher learning. Professor Chamberlain, who was a distinguished philologist at the

Imperial University in Tōkyō, points out that "This, however, is an enormous additional weight around the student's neck." "For a Japanese to be taught," he adds, "through the medium of English, is infinitely harder than it would be for English lads to be taught through the medium of Latin, as Latin does not, after all, differ very widely in spirit from English; it is, so to say, English in other words. But between English and Japanese the gulf fixed is so wide and gaping that the student's mind must be for ever on the stretch. The simpler and more idiomatic the English, the more does it tax his powers of comprehension. It is difficult to see any way out of this dilemma." Occupying an intermediate position between the Higher Schools and the Universities are what have come to be known as Special Colleges in which higher instructional courses may be taken in literature, law, the languages, history, philosophy, theology, medicine, pharmacy, music, and the fine arts. Pupils of either sex who do not wish to graduate at the University may enter these institutions immediately they have passed out of the Middle Schools or the Girls' High Schools.

Tōkyō is the Oxford and Kyōto the Cambridge of Japan. The Imperial University at the former city was founded in 1877, while that at the latter has only been established during the last fourteen years. In a recent article, contributed by Baron Dairoku Kikuchi, M.A. (Cantab.), to *The Times*, it is explained that besides the two Imperial Universities there are two more in course of organisation, the one in the north-east, having its centre in Sendai, and the other in the south-west, in the island of Kyūshū, having its centre in Fukuoka. There are six "colleges" or faculties in the Imperial University of Tōkyō—viz., colleges of law, having courses in law, economics, and commerce; of medicine, having courses in medicine and pharmacy; of engineering, having courses in civil engineering, mechanical engineering, marine engineering, naval architecture, technology of weapons, electrical engineering, architecture, applied chemistry, technology of explosives, and mining and metallurgy; of literature, having courses in philosophy, history, and literature; of science, having courses in mathematics, astronomy, physics, chemistry, botany, zoology, geology,

and mineralogy; and of agriculture, having courses in agriculture, agricultural chemistry, forestry, and veterinary surgery.

In Kyōto there are four "colleges," science and engineering being taught in one college, besides the medical college in Fukuoka, which is to be a part of the south-western University, but is at present affiliated to this University, while the course in agriculture is as yet wanting. Courses in law and medical courses are of four years' duration, in other subjects they extend three years or more, so that students are over twenty-four and twenty-three years of age respectively at the time of graduation. There are 182 chairs in Tōkyō and 130 chairs in Kyōto, although they are not all actually filled at present by full professors. Assistant professors and lecturers are appointed to occupy some of them temporarily. There are also two colleges which are called Universities by the Japanese. The *Keiogijuku*, founded in 1865 by the celebrated scholar Fukuzawa, includes a University preparatory, middle school, and primary departments with courses in law, politics, economy, and literature. Altogether it has provided education for some 5000 students. Waseda, which was founded by Count Ōkuma eighteen years later, is a similar institution.

As will be seen from the table at the commencement of this chapter, in no branch of education has Japan made greater headway than in technical instruction. During the decade under observation—1898 to 1908—the number of establishments increased from 91 to 5301; the number of teachers employed, from 927 to 5744; and the attendance, from 13,286 to 250,623. Under the comprehensive designation of Technical Schools, and maintained principally at the expense of the Government, but also by endowments and by private enterprise, exceptional facilities exist for acquiring practical knowledge in all the useful arts and crafts. Briefly to summarise the various subjects in which instruction is given at the numerous institutions throughout the country, there are departments for the teaching of commerce, navigation, agriculture, sericulture, pisciculture, forestry, veterinary surgery and medicine, civil, electrical, mechanical, and marine engineering, mechanics, applied chemistry, metal-

lurgy, architecture, naval architecture, weaving, dyeing, and brewing. In the article I have already quoted, Baron Kikuchi explains that technical schools are of several grades. "Thus we have," he says, "a course in commerce in the law college, and courses in various branches of engineering and agriculture in respective colleges of the Imperial University of Tōkyō, while there are courses in engineering in the science and engineering college of the University of Kyōto. Below these we have 'technical special colleges,' into which students are admitted directly on graduation from middle schools; such are the technological colleges of Tōkyō, Ōsaka, Kyōto, and Kumamoto, the agricultural colleges of Morioka and Kyūshū, the commercial colleges of Tōkyō, Kobe, Nagasaki, Otaru, &c. All of these are central Government institutions, having a course of three to four years, and there are likewise a few colleges maintained by local communities and by private endowment. Besides these, which belong to the higher education grade, there are technical schools of secondary grade, with a course of three to four years, to which pupils are admitted from higher elementary schools or from the second year of middle and girls' high schools; these institutions are called technical schools of Class A. Below these, again, there are technical schools of the Class B, to which children are admitted on completion of the ordinary elementary school course. Besides those, there are also technical supplementary schools (continuation schools, night schools, &c.) for those who cannot attend regular schools."

The training of teachers for the various grades of scholastic institutions throughout the country is provided for in the Normal and Higher Normal Schools. It is obligatory upon each prefecture to maintain at least one Normal School for the preparation of teachers who wish to qualify for positions in the elementary schools; while the Higher Normal Schools are Government institutions designed expressly for the instruction of men and women who are to become teachers in secondary schools. In the Normal Schools the course is three years for girls and four years for boys, and pupils are admitted on completing their primary educational course at the higher elementary schools or on possessing other suit-

able qualifications. In the case of the Higher Normal Schools, pupils are admitted to a four years' course after they have graduated from the Middle Schools, the Girls' High Schools, or the Normal Schools.

There are not wanting signs that the educational advancement of Japan has outdistanced her industrial and commercial progress. During the last ten years the eagerness among all classes of the community, from the highest to the lowest, to acquire Western learning, has amounted to a veritable craze. It has been the ambition of every Japanese youth to become a University graduate. In order to acquire a knowledge of the English language, poor students frequently enter the service of foreign families, and between the intervals of their household duties are to be found seated in odd corners busily engaged in the study of grammars and dictionaries. Others obtain situations as guides, while not a few seek occupation as hotel "boys." When the British fleet visited Japan shortly after the war, hundreds of students volunteered to act as interpreters to the sailors, and their services were gratefully accepted by the officers on behalf of the men. The blue-jackets had not been long ashore, however, before they discovered that their guides had little, if any, knowledge of the English language, and that instead of acting as interpreters they were merely taking advantage of the opportunity to further their studies. Not infrequently a tourist in the streets of Tōkyō will find that a Japanese is endeavouring to force his acquaintance upon him. The introduction is made by means of a bow and a smile accompanied by an observation something like the following: "Good morning! It is a fine day. I hope you are well." On receiving an encouraging response the student will join the foreigner in his perambulations and will no doubt point out objects of interest to him. From this incident the stranger will doubtless conclude that the Japanese are a polite people; but after a prolonged stay in the country he will realise that their politeness is after all not without its design. On all sides there are evidences that the nation is in a hurry to make up for lost time, and the acquisition of learning has become not only a universal pursuit but to all intents and

purposes a universal pastime. It is estimated that the professional schools send out no less than 65,000 graduates annually. Of that total at least one-fourth are unable to obtain an employment for which their education has best suited them. The result is that graduates are as plentiful in Japan as they are in India, where bachelors of art frequently seek a livelihood in humble if not menial occupations. It is not necessarily the highest facilities for education that has caused this excess. It is the various intermediate systems existing between the elementary and the University courses of education that are largely responsible for the present state of affairs. The result is that many of the so-called graduates have but a superficial knowledge, a knowledge which, while not sufficient to support their pretensions to learning, is nevertheless enough to produce in them a distaste for hard work.

Not long ago the Tōkyō municipality received 1500 applications, mostly from graduates of professional schools, for 300 temporary clerical appointments in connection with the census returns, the salary offered being less than a shilling a day. There are many obstacles in the way to an Imperial University education. The number of applicants for admission to the preparatory schools is always in excess of the available accommodation, and owing to the want of funds the Government is unable to provide facilities on an adequate scale; consequently a large proportion of the students find themselves at the age of thirty before they have completed their University course. In all the educational establishments throughout the Empire the teaching of what is termed in the curriculum, Morals, is included. This is not based upon any ethical code or religious dogma setting forth right and wrong, but finds its inspiration in an Imperial Rescript issued twenty years ago, the text of which is as follows:—

"*Know ye, Our subjects:*

"Our Imperial Ancestors have founded Our Empire on a basis broad and everlasting and have deeply and firmly implanted virtue; Our subjects, ever united in loyalty and filial piety, have from generation to generation illustrated the beauty thereof. This is the glory of the fundamental

character of Our Empire, and herein also lies the source of Our education. Ye, Our subjects, be filial to your parents, affectionate to your brothers and sisters; as husbands and wives be harmonious, as friends true; bear yourselves in modesty and moderation; extend your benevolence to all; pursue learning and cultivate arts, and thereby develop intellectual faculties and perfect moral powers; furthermore advance public good and promote common interests; always respect the Constitution and observe the Laws; should emergency arise, offer yourselves courageously to the State; and thus guard and maintain the prosperity of Our Imperial Throne coeval with heaven and earth. So shall ye not only be Our good and faithful subjects, but render illustrious the best traditions of your forefathers.

"The way here set forth is indeed the teaching bequeathed by Our Imperial Ancestors, to be observed alike by Their Descendants and the subjects, infallible for all ages and true in all places. It is Our wish to lay it to heart in all reverence, in common with you, Our subjects, that we may all thus attain to the same virtue.

"*The 30th day of the 10th month of the 23rd year of Meiji.*"

It will be seen that the Imperial Rescript provides a splendid text for moral teaching. At the same time it is a matter open to serious question whether or not the average teacher possesses the requisite qualifications to act as the sole guardian of the moral welfare of the young. Obviously a wide latitude is allowed him in the matter of the interpretation of the Imperial will, and it is not to be wondered that the Japanese scholar should become bewildered in listening to a recital of vague generalities that are more in the nature of a sermon than a moral training. In the West the codes and catechisms of Christianity go a long way towards making clear to the untutored minds of children the exact meaning of right and wrong. The educationalist of Japan, however, wishing to avoid the schisms of dogmatic religion, overlooks this important circumstance—that whereas the religions of the West may be divided on questions of ritual and even of creed, they are agreed on the all essential matter of

the recognition of sin and the realisation of its evil consequences. Not long ago Baron Kikuchi delivered a series of lectures in London, as a consequence of which the moral training in Japanese schools was highly extolled and even held up as an example to be emulated in this country. At that time, however, Mr. Makino, the then Minister of Education, delivered an address to the principals of the Middle Schools, in the course of which he said:

"The students lack enthusiasm for practising what they are taught in school. Under the circumstances it is the general demand of society that the present method of education should be improved, and moral or spiritual education more widely carried on. The first thing for this improvement is the employment of able and efficient teachers. The Meiji Government believed that material civilisation was the proper method of advancing the interests of the State and the happiness of the people, and attached more importance to this line of education. The study of science was much welcomed in the educational circles, and naturally spiritual and moral training was neglected. The natural consequence is that society began to complain of material education and of the low standard of the student character. The method of education in future, therefore, is to be that of the bringing up and symmetrical development of the whole man and not merely the supply of mere intellectual weaklings. *Mens sana in corpore sano.*"

Another manifesto issued by the Minister of Education declared that:

"It is scarcely necessary to say that the duty of scholars and students is to have a steadfast mind, to propose to themselves a fixed purpose, and to look forward to achieving great results by zeal and diligence. . . . Nevertheless among the youths of both sexes I detect, to my great regret, a tendency to occasional despondency and to ethical decadence. Certain of those now in the schools show an inclination to luxury, or torment themselves about empty theories, or, in extreme cases, allow their minds to become absorbed in dissipation, and, violating the precepts of virtue, lose their sense of shame. . . . Unless steps be presently taken to severely reprimand these errors, their harmful results will

be incalculable. There are signs that the trend of a part of society is towards insincerity and that the youths of both sexes are being led astray in increasing degree. Especially is this the case with recent publications and pictures, for these either ventilate extreme doctrines, inculcate pessimistic views, or depict immoral conditions to the no small detriment of education. . . . Steps must be taken to suppress publications that suggest such danger, whether within or without the schools. Again, there are men who, advocating an extreme form of socialism, have recourse to various devices for leading astray students and teachers. If such views, destructive as they are towards the very foundations of nationalism and dangerous to the good order of society, obtain currency in educational circles so as to disturb the bases of our educational system, nothing could be more regrettable in the interests of the country's future. It behoves educationists to be specially on their guard and to prepare for checking these evils before they bear fruit. Persons who occupy pedagogic positions should bear these things constantly in mind, and in co-operation with parents and guardians should endeavour to purify the habits of students and to invigorate their spirit, thus aiming at the achievement of good results for education."

Another prominent Japanese educationalist recently declared that the problem which was beginning to engage the serious attention of many of the leading thinkers in the land was: Whether education in order to be secular must necessarily be so completely detached from religion, or so anti-religious, as has been the case hitherto. "The ethical teaching in the schools," added the same authority, "remains still the most important unsolved problem with the educators of the country. The various methods that have been tried during the past fifteen or more years, such as the use of Confucian classics or the worshipping of the letter of the Emperor's Rescript on morals, have all proved inadequate to solve the great problem with which the nation is confronted. . . . The other factor to be considered is the changed social conditions of the country. It is needless to urge the importance of the historical method in the ethical training of the young. . . . It is, however, important to

remember that there is a growth in history—in the history of the Oriental nations as well as in that of the Western—and that the social conditions prevailing now are different from those prevailing a century or less than a century ago. No ethical teacher can ignore the fact of such a growth or fail to understand the particular social conditions of his own time without risking failure. It is much to be regretted that the ethical teachers in this country seem to fail to take sufficient note of the time they live in and of the points of difference between this and a past age. Some of them at least teach and act as if they were living in the age of feudalism. The time has gone for ever when the relation of lord and retainer formed the supreme factor in a community, so that the one term *loyalty* was sufficient to express the tie that bound the entire social fabric together. The Japanese people are to-day, and will continue to be, one of the most patriotic of peoples. . . . But, on the other hand, all the multitudinous interests and motives that sway the people of an industrial epoch are asserting themselves here almost as much as in Western lands. . . . A great work, therefore, awaits the thoughtful teachers of this land: to formulate anew into a system of ethics fit for the guidance of the young those truths which have already become the heritage of the nation and to include also those other truths which need special emphasis and insistence in view of the new order of things which has come to prevail."

The teachers themselves are impregnated with social ideas the workings of which have been described in previous chapters of this book, and their interpretation of the spirit of the Emperor's Rescript must inevitably be inconsistent with, if not opposed to, modern enlightenment as it is understood in the West. The so-called ethical training in Japanese schools, therefore, can have no other foundation than the principles that govern family life throughout the country. When it is remembered that the teachers, who to all intents and purposes are the spiritual guardians of the young, cannot themselves be otherwise than imbued with the loose moral conceptions that find expression in the life of the community at large, it can readily be imagined that the present educational system falls short in what is, in reality, the noblest

aim of all education—the development of character. For evidence of resultant evil it is not necessary to go beyond the student life. While the Japanese scholars leave nothing to be desired in the matter of diligence, frank insubordination is not infrequently witnessed in the schools. Formerly strikes among students, who for various reasons objected to their masters, were of common occurrence, and to this day rebellious conduct on an organised scale is still resorted to as a means of coercing the authorities. Moreover, there are a large number of rowdy youths, known as *sōshi*, whose ill-behaviour is yet another proof of the danger of a little knowledge. They profess to take a keen interest in political matters, and on several occasions they have led popular movements against the Government. Their methods have not stopped short of incendiarism and bloodshed, and it is to be feared that in many instances they make their political professions a cloak for criminal activities. The fearful riots that followed the conclusion of peace after the Russo-Japanese war were to a large extent the result of their instigation. Were other evidence required of the failure of the Japanese system of ethical training, the notorious state of immorality which characterises the student class need only be cited. The best that can be said for the educational system as at present constituted is the loyalty and patriotism which it inculcates in the minds of the youth of the country. As soon as a boy enters the elementary school his education is directed towards fitting him to be of service to the State. He is taught that the Emperor is his God, and the deeds of the Samurai knights of old are recited to him with such thrilling and romantic detail that he would indeed be dull-witted were he not seized with a burning desire to emulate their wonderful exploits in the pages of chivalry. Above all, it is instilled into him that Japan is a great and a glorious country, a country that has never been conquered, reigned over by an Imperial line of unbroken descent. His physical development is made an important feature of his general training. He is drilled until he becomes nothing more or less than a model soldier. When he leaves the elementary for the higher schools, his instruction in patriotic duties still continues, and by the

time he has done with education he is convinced that Japan is destined to become the leading nation in the world. On the whole, the conclusion is not unwarranted that the so-called moral training of the Japanese student is misnamed, not misunderstood. In short, it begins and ends in the process of making a patriot.

# XXXI

## JOURNALISM

AN Englishman, Mr. John Black, was the real pioneer of journalism in Japan. In 1872 he started the first native newspaper under the title of the *Nisshin Shinjishi*. Previously, dating as far back as 1861, several ventures on a small scale had been tried. These, however, were merely in the nature of rough sheets, and it was not until Mr. Black's journal appeared that a serious attempt was made to establish a newspaper on properly conducted lines. His example was quickly followed by the Japanese, and newspapers were soon regarded as remunerative openings for the investment of capital. In 1900 there were no fewer than 944 periodicals issued throughout the Empire, and at the present time it is estimated that nearly 3000 publications are in existence. In Tōkyō alone there are 540 periodicals including twenty-eight daily papers and 487 magazines of various descriptions. The daily newspapers are sold at popular prices—usually 2 *sen* (one halfpenny) or 1 *sen* (a farthing)—and several of them enjoy enormous circulations, reaching in certain instances as much as a quarter of a million copies daily. They are well provided with a service of foreign telegrams, and some of them are represented by their own correspondents in European capitals and in the United States. In the collection of home news they make specialisation a marked feature of their organisation. Regular news-gatherers are attached to each department of State, whose business it is to gain the confidence of the various Government officials. There is no liberty of the Press as it is understood in England. All journals are required to deposit with the authorities a sum ranging from £100 to £17 according to their scope and importance, and this money is retained as a security for

fines. The Ministers of War and Marine possess power to prohibit the sale of any newspaper disclosing military secrets, and the Minister of Foreign Affairs may exercise a like prerogative in the event of any newspaper publishing information or opinions likely to imperil the relations of Japan with any foreign power. Comments likely to offend the dignity of the Imperial Family are also forbidden, and criticisms of the Administration likely to lead to breaches of the public peace may be promptly followed by suppression. On many occasions a wide interpretation has been given to the Press Laws. For instance, during the time of the Peace Riots at the close of the Russo-Japanese war, editors went in fear and trembling lest the police authorities should read into their articles some incitement to popular clamour. Numerous prosecutions were undertaken, fines imposed, and the publication of journals suspended for long periods involving the losses of large sums of money. The police authorities are to all intents and purposes the censors of the Press, and from time to time many ludicrous instances of their methods of persecution are brought to light. One of the most recent of these was the sentence on a Yokohama editor to a month's major confinement and the imposition of a fine in consequence of his having been so indiscreet as to publish a cartoon representing a policeman asleep while on duty. It should be added that policemen in Japan inspire something akin to awe in the minds of the masses. On approaching them all civilians doff their hats and assume an attitude expressive of extreme politeness. Not long ago an amusing incident happened which afforded a glimpse of the means adopted by the police to impress the public with a proper sense of their importance. Finding that walking in the snow was extremely difficult a man left his *ashida*, or footgear, at a police-box and continued his progress with feet encased only in *tabi*. His experiences on returning for the *ashida* are best told in his own words. "I related the circumstances to the policeman," he said, "and asked him to help me. Presently he flushed and a sneer appeared on his face. Said he, 'How dare you ask a policeman to keep *ashida* at the *Koban?* A police-box would be overwhelmed by heap

upon heap of *ashida* if the policeman should take care of every one's footgear. Bear in mind, you fool, that you should never pollute the police-box with your *ashida*.' I apologised in every possible manner and bowed a hundred times, fearing that I might be locked up in the box for my *lèse-majesté* to the *omawari-san*. After a severe and long admonition, I was released and was given back my unlucky *ashida*." So frequent were criminal prosecutions against newspaper editors that a personage who became known as the dummy or prison editor was brought into existence. His sole duty is to represent his journal in gaol, and for this he receives a regular salary. The real editor who pens the offending articles remains in the background and simply figures as a contributor. While the authorities exercise a strict supervision in regard to the publication of all information concerning the interests of State, they are singularly lenient in their treatment of journals containing contributions likely to offend against public morality. A large section of the Japanese Press, a section that enjoys enormous circulation among the masses, is certainly unfit for the perusal of any decent-minded individual. Some newspapers even go the length of organising a regular system of espionage in connection with the movements of prominent men. Nor do they shrink from the publication of columns of dubious details concerning their private lives. Their sources of information are the *Geisha*-houses and the quarters of vice which abound in the cities. Foreigners are not spared this disgusting publicity, and even distinguished guests of the nation receive no immunity from these attacks. On one occasion scandalous and altogether imaginary details were published pretending to describe the dissipation of a Prince of the Royal Blood belonging to a country that was on terms of exceptional friendship with Japan. The language used, though plain to a Japanese reader, appeared on translation to be merely a suggestive piece of picturesque prose. Incidentally, it may be observed that the Japanese language is thoroughly in keeping with the character of the people. It lends itself to ambiguity, and frequently to subtle evasion. Moreover, it is utterly inadequate to the description of many of the new conditions that have been introduced with the

coming of Western civilisation. The interests of foreigners having business or other relations with the Japanese will suffer unless a certified translation of all documents relating to matters under discussion is insisted upon.

In controlling the Press the State protects itself and overlooks the right of the individual. It is next to impossible to obtain from the columns of Japanese newspapers any real indication of public opinion in connection with foreign affairs. In this respect practically the whole Press of the country is semi-official. The individual, however, finds little redress in the courts of law against scurrilous attacks. The law of libel is to all intents and purposes a dead letter. As a result journalism has developed a personal side to an extent without parallel in any other country, and the lives of many public men are made almost unbearable by the revelations which appear from day to day concerning their private affairs, revelations that assail not only their moral but also their business integrity. Not a few of the lower organs of publicity resort to blackmail. At present the recognised semi-official journal is the *Kokumin Shimbun*, a paper which, during the tenure of office of Prince Katsura, receives direct inspiration from Government sources. The *Jiji Shimpo*, owned by Mr. Fukuzawa, a son of the great scholar and a son-in-law of Count Hayashi, formerly Ambassador to Great Britain, the *Nichi Nichi Shimbun*, owned by Baron Taka-akira Kato, the present Ambassador to Great Britain, the *Mai-nichi Dempo*, the *Asahi Shimbun*, the *Hochi Shimbun*, the *Chu-o Shimbun*, the *Nippon*, and the *Yomiuri Shimbun*, are among the leading papers published in the capital. There are no evening journals in the country, but whenever news of special importance is received, a small sheet called a *Gōgwai*, or "extra," is immediately published, and retailed by boys, who attract attention in the streets by ringing bells and shouting at the top of their voices. Singularly enough, few Japanese journals have aspirations to party influence. While several of them are undoubtedly friendly towards various political organisations, the majority prefer to be known as independent. During the Peace Riots the *Kokumin Shimbun*, for no other reason than that it sided with the Government,

was looked upon as the black sheep among the Press, and without exception its policy was attacked by every other newspaper throughout the Empire. When expressing admiration for certain journalists, I have frequently been met with the retort, "Oh, he used to be a very clever man, but he is no good now." "Why?" I have asked. "Because he is in the pay of the Government," has been the answer; "his pen is not his own." No doubt this detestation of the officially-inspired writer arises from the treatment meted out by the authorities to the newspapers. The tendency of the times is towards granting a larger measure of liberality to the Press. From time to time the regulations have been revised in this direction, but the fact remains that the freedom of the Press as known in England is unknown in Japan, and its present state can only be likened to that which prevails in regard to the Press of Russia. A journal may at any time be suspended at the will of the authorities. The trial of the offending editor in court is not necessarily a guarantee that he will receive justice, for where the high interests of State are involved the proceedings may be held *in camera*, and, in a country like Japan, the chances are that the judge will accept the official view concerning what is likely to prejudice the cause of the nation. With the granting of more freedom to the Press will inevitably come an improvement in the character of men who make journalism their occupation. At present the status of the journalist is an exceedingly low one, and the ordinary writer is treated with suspicion, if not with disdain, by all classes of the community. It is because of this low status that he is compelled more often than not to bring into play his lower wits for the purpose of gathering news.

The foreigners in Japan are remarkably well served by newspapers printed in the English language. In Tōkyō there is the *Japan Times*, a daily journal conducted by Japanese and representing exclusively Japanese interests. In Yokohama there are no fewer than four daily journals, the principal of which is the *Japan Mail*, edited by Captain Brinkley, *The Times* correspondent, whose unbounded admiration for all things Japanese finds constant expression in its columns. In Kobe two daily journals are published,

while Nagasaki has its own English organ of public opinion. The *Kobe Chronicle* and the *Japan Herald* are edited upon independent lines and frequently publish frank criticism of Japanese policy. For the most part, however, the remainder of the foreign Press organs are favourable to Japanese interests. A constant war of words is in progress between the two sections. Isolated from great communities, people who dwell in the Far East develop an extreme sensitiveness which finds ventilation in bitter controversy. Roughly speaking, the foreign population is divided into two camps, that of the pro-Japanese and that of the anti-Japanese. There is no denying the fact that since the war the latter have become the majority. Whenever they dare to offer any criticism of the Japanese, however, they are answered with a vehemence that would pass for sincerity were it not for the known fact that more than one organ on the other side is inspired if not supported by the Japanese Government.

In dealing with journalism in its relation to Japan there is another and a still more important aspect which cannot be overlooked. This aspect refers to the mediums employed by the British Press for obtaining news from Tōkyō. It can truthfully be said that no English journal has taken the pains to inform its readers of the real character and policy of our allies. The despatches appearing in the leading London journals, and those which find their way through the means of a Press agency into the columns of the provincial papers, represent the views of the Japanese Foreign Office. The first newspaper in the world is represented by a foreigner resident in Japan for many years, and of whom it is frequently said that he is more Japanese than the Japanese themselves; two of our principal journals are represented by Japanese having semi-official connections, whose lives in the country would be made intolerable were they to send news other than that dictated by the authorities; and yet another prominent medium of publicity obtains its information from a foreigner in London, who is occasionally employed by the Japanese Embassy. With one notable exception, no English newspaper has its own permanent correspondent in China, with the result that the little

information we receive concerning a region where British interests are enormous, is in the main derived from Japanese sources; and it is unquestionably the fact that such information is dictated, often at the expense of truth, solely to further the national policy which, in spite of the Alliance, is not infrequently opposed to British aims. Moreover, in London, New York, Paris, and other financial centres the Japanese have established mediums the systematic purpose of which is to disseminate items of news favourable to their cause. Indeed, it is reported that they have gone so far as to acquire a substantial interest in one of the leading London daily journals. In this way they are able to influence the money market to their own advantage, and up to the present they have wofully misled rather than instructed public opinion in this country. The only feasible explanation that can be found for such a lamentable state of affairs lies in the supposition that, as the cable rates from the Far East are expensive, if not exorbitant, the newspapers, being commercial concerns, are unwilling to maintain their own special correspondents for the purpose of sending satisfactory despatches describing the progress of events in this region. The British public, therefore, must look elsewhere than in its newspapers to find real and valuable information concerning Far Eastern affairs.

# XXXII

## THE AWAKENING OF ASIA: THE EDUCATIONAL INFLUENCES OF JAPAN

THE rise of Japan to a position of prominence among the Powers of the world has produced a widespread effect upon the peoples of all Asiatic countries. Asia is no longer slumbering. In the vast territories that stretch from Peking to Teheran signs are manifest that the real awakening is at hand. Nor is it an awakening that will pass with the hour. It is an awakening that means that the East is standing upon the threshold of a new era, one that may be destined to witness a re-shaping of the map of the world. In other words, after centuries of dull sleep the East is now undergoing the process of re-vitalisation. And Japan leads the van in the march of Asia towards the attainment of her ideal, the recognition of equality with the nations of the West. The civilisation of Japan may be superficial, but it is essentially a militant civilisation. The danger to the West lies in the existence of a state of indifference which may find unpreparedness when the time arrives for the inevitable conflict with the nations of the East. By this I do not suggest the likelihood of a Yellow Peril in the sense that there may come a military combination of the Asiatic races. For these peoples, like ourselves, have their own jealousies, their own quarrels. But there will come a time in a future that is not so far distant when, unless the West awakens to the imminence of danger, the predominance of the white over the yellow races will cease. Education is the great force that is at work. With education there comes the awakening of the national spirit, and this will make itself felt in many directions. There will be keen commercial strife. By countries now prospering under alien guidance demands for self-government and eventually for

autonomy will be insisted upon. And unless the Powers are virile enough to combat such movements they will lose their possessions one by one. To retain them there can be no combination among the nations of the West. To regain them there can be no common action among the nations of the East. International jealousy is alike strong in both spheres. But the nations of the West will be at this disadvantage—that whatever action they may take must inevitably be directed from a base that is far distant, while at the same time they will be called upon to combat peoples possessed with all the fervour of newly awakened races. Japan has become the guiding star of the East. The knowledge she is imparting to others may not be of the deepest kind, for she herself is as yet groping in a darkness only illumined by a few shafts of the light of true civilisation. But this knowledge will be sufficient to inspire effort and to raise ambition. At least it will tend to give to peoples fresh from the sleep of ages that burning desire to fight and conquer in all fields of human activity. Time and experience will do the rest.

Japan's view of her mission in Asia was well represented by one of her leading publicists, Dr. Shiratori, some two years ago. "It is important to observe," said this authority, "that within the past few years a marvellous change has come over China. Japan's success in the struggle with Russia taught the Chinese what an Asiatic nation supplied with Western weapons and appliances can do against an old and strong European Power, and there are numerous indications that China will before very long follow in Japan's steps. She has already descended from that lofty pedestal of self-sufficiency and aloofness on which she has stood for so many centuries. To the people who for so long were designated the Eastern Barbarians she has been sending thousands of students. She seems to perceive that she can only save herself from absorption by following in the wake of Europe to the extent Japan has done. Perhaps she begins to see also that this can be done without involving the loss of the mental and moral qualities which she holds in such high esteem. . . . The nation is held together by common customs, common

religions, common instincts, and common interests, and by a past which all Chinese revere. Among the peoples that inhabit the continent of Asia the Chinese will certainly be the first to free themselves from the shadow of the white peril. They have still left the love of autonomy, national solidarity and self-respect necessary for the inauguration of the new policy which the political exigencies of the times demand, and they will carry it through. But with India the case is different. India is a geographical rather than a historical name. Nothing like nationality or any kind of strong affinity exists between the myriad peoples who live side by side under British rule. It is hard to see how it is possible to form a united nation with the existing elements. Should India ever become independent, changes requiring long periods must precede that consummation. The same may be said of Siberia. But Persia will one day raise herself to a state of entire independence, her people being nearly all of one race—the Iranic. There is, too, hope for Turkey and for one or two other countries situated in Southern Asia. So that eventually Asia may recover the greater part of her lost autonomy, and force Europe to treat her in every respect as on a political equality with herself."

For the purposes of bringing about mutual intercourse between Eastern races, the Japanese have formed an association which has for its direct object the promotion of uniformity in the scripts of China, Japan, and Korea. Already a dictionary of six thousand ideographs comprising all those in common use has been compiled, and from time to time strenuous efforts are made to enlist the support of the Chinese and the Koreans in the movement. In many other directions Japan is taking an active part in the educational process that is at work among the nations of Asia. Some fifteen years ago the first two Chinese students arrived in Tōkyō. Gradually the number swelled until at one time there were fully thirteen thousand Chinese taking advantage of the educational facilities of the country, and it was thought that the total would soon reach one hundred thousand, if not more. It was not long before doubts arose concerning the wisdom of sending such large numbers of

students to Japan. Many of the youths, freed from the restraint of home ties, led dissolute lives. Moreover, their minds were utterly incapable of assimilating the knowledge imparted to them. Its effect was not to enlighten them in the true sense of the term, but rather to produce a strong sense of individualism which quickly developed along dangerous lines. On returning to China—a land where the customs of ages were still deeply rooted—they sought to assert a personal freedom both in thought and action, that was altogether opposed to the spirit of the times. They became the ready instrument of the anti-dynastic faction which found its organisation in secret societies, and for a time were active leaders in a movement that was characterised by some violence. Eventually the authorities realised the necessity of imposing restrictions upon students in Japan with the result that the number gradually dwindled, until at present, according to the latest returns, there are only five thousand attending the various educational establishments. The political difficulties which have lately arisen in an acute form between the two countries have also tended to diminish the popularity of Tōkyō as a centre of learning for the Chinese. The same cause has also led to a decrease in the number of Japanese who are employed in the various departments of State in China. Not long ago more than a thousand Japanese found occupation in schools and colleges, in the army and police, in the law and in prisons, in agriculture and on railways. That total has been reduced to four hundred, and it is an open secret that as many of the contracts expire they will not be renewed.

Whether or not the fault lies with the actual system adopted by the Japanese educationalists and instructors for the training of Chinese students, the writer is not prepared to say. But it must be patent to all shrewd observers that however laudable the object of such a system, the ultimate effect of its application is to engender a spirit of discontent. Although the authorities may limit the number of students proceeding to Tōkyō, many years must necessarily elapse before they can eradicate the evil influences that have arisen in the past. In all directions there are substantial indications that Japan's adoption of Western

civilisation will have a tremendous effect upon the destinies of China. Whether or not she herself has reached such a degree of competence that she can be entrusted with the task of reforming other Oriental nations is a matter open to grave question. So far, it must be confessed, experience has not justified any sanguine prophecy in regard to the immediate future. China realises that Japan's entry into the comity of nations has not tended to smooth the path of progress in the Far East. Whereas formerly she was pressed by the Powers of the West, she is now compelled to submit to the additional humiliation of paying heed to the constant demands of a strong Power lying, as it were, at her very gates—a Power, moreover, like herself Oriental, and having as much in common as in conflict with herself. The rise of Japan to prominence has provided China with her strongest object-lesson. Suspended on the walls of many houses throughout the land are to be seen lurid pictures of the Russo-Japanese War, representing the blowing up of ships and the scattering of armies. The education in the schools is directed towards reviving the martial spirit, and elementary instruction is given on subjects of naval and military interest. China has not forgotten those bygone ages when she undertook, with results that have added lustre to the pages of history, a civilising mission in regard to Japan similar to that which Japan is now endeavouring to assume on her own account towards China. The Chinese look upon the Japanese as an upstart race. And whatever else the future in the Far East may hold, yet another war between China and Japan to decide Oriental predominance is as sure as fate. All that has here been written with reference to the evil effects of Japanese education on the minds of Chinese students is equally applicable to the results that may be witnessed in the case of Indian students. Of these latter there are considerably more than a hundred in Japan, and the prospects are that in the near future this number will be largely increased. India and Japan have much in common. It is to India that Japan owes her Buddhism, conveyed through the medium of China. Although there are not wanting signs that this religion is declining among the masses, at least in one

direction its value has proved inestimable. I refer to the fearlessness of many of the Japanese officers who fought in Manchuria and who belonged to the *Zen* sect, a sect which fortifies its adherents with philosophic calm in the face of all danger. Japanese priests frequently make pilgrimages to the monasteries of India, while travellers and military officers have explored every corner of the country. Apart from the interchange of knowledge in progress for many years past between the two nations, there is another important factor which tends to make their interests mutual. The economic standard of Japan is nearer to that of India than to that of any Western country, both in the cheapness of her educational facilities and in the cost of living. A perusal of the columns of the Japanese Press clearly indicates that many of the Indian students resident in Tōkyō are affected with the spirit of discontent which has also made itself manifest in the case of the Chinese students. A few quotations will serve to show that in Japan, as in other parts of the world, a campaign of seditious agitation is being actively conducted against Great Britain. "In ancient times," wrote one Raoji I Amin, "India was a land in her zenith when England was struggling for civilisation in Europe. England became a civilised nation, while unfortunately India fell. From that time when foreigners began to look upon the country as a land of wealth and industries they were not content with winning the supreme power over the length and breadth of the land, but they made—rather forced—the people to forfeit their industries. That was the time of India's sunset. The sun of India not only set with the loss of her trade, but it resulted in something worse—disunion, the foundation for an ocean of misery. India is now sleeping, and thinks to receive help to regain her prosperity. Indeed, India is now at the dawn of day by the help of an Oriental nation. . . . Indians became slaves; but now they have awakened, and are trying to regain what was lost. . . . At present India awaits the help of an Oriental nation which has already been a success in civilisation, and by its virtue has taught a good lesson to the countries of the West."

Another correspondent, signing himself "Student," wrote to a Japanese journal in the following terms:—"Yesterday's issue of your valuable journal was specially interesting, as it devoted an appreciable extent of space to Indian matters. I think the time has come when Japan must try to know India as intimately as possible. . . . We students here are in every moment conscious of the kindness and hospitality we are receiving at the hands of the professors and factory proprietors in particular and the people in general, and you, perhaps, cannot imagine how much our countrymen are grateful to Japan, and to what extent they love her. During the war, so great was the interest of our people in Japan, that our weekly papers turned into daily ones, and the Press had sometimes to publish extra issues. Every morning the people anxiously waited at their doors for the newsboy, and the students could not attend to their books without reading the telegrams. After the fall of Port Arthur we shared your joy and pride to not a small degree, and the city of Calcutta and many other towns and villages were gay with illumination. Indeed, we in India shared your pride more than, perhaps, the rest of the world, because to us the victory of Japan meant more than what met the eyes of the ordinary world. To-day even the very common man who can just read the newspapers, can narrate the story of the Russo-Japanese war from the beginning to the end. The place of Japan in the heart of India will be indicated by the fact that those of our orthodox people—now their number is rapidly decreasing—who do not like to send their sons to Europe and America because of caste prejudices, raise no objection in the case of Japan. May we not hope that Japan also will try to understand India in her turn? Rome, the source of Western civilisation, though she has lost her ancient glory, is still visited by hundreds of Europeans with regard and love. And shall India, the cradle of Asiatic civilisation, fallen though she is, be forgotten by Japan in her present progress? I think not. . . . Apart from the above sentimental grounds, considerations of a very practical nature suggest the importance of an intimate understanding between the two countries. Rightly or wrongly the people of India

have taken recourse to the boycott of European goods in general, and British goods in particular. And the issues of the last twelve months have amply proved that the boycott is beneficial to them. As it has been started with a political object, it will not be abandoned unless and until that object is accomplished. In the meantime the commercial and economic intercourse between Japan and India may be greatly developed. Having been from long time in close contact with a most advanced nation in modern civilisation, India has learnt to consider so many luxuries as her necessaries. She, therefore, cannot help buying foreign goods. So the people of India must buy Japanese goods. They have no aversion towards Japan. They cannot have it, because they recognise that all Asia is actuated by a common ideal and a common sympathy. The world may call her sentimental, but she is not prepared to part with this sentiment, as she believes that in the not distant future it is bound to assert itself as a reality."

More than a column of space was devoted in a prominent newspaper to the reply of "Four Indian Students" to an article answering certain statements advanced by foreigners in support of British rule in India. "We strongly believe," they concluded, "that India, whatever she might have been in the past, is sufficiently prepared now to govern herself as a whole, like the United States." An Indo-Japanese association has been formed, and every effort is being made to encourage trade between the two countries by the establishment of direct communication. A list of articles were suggested by the Japanese as likely to be suitable for import, and commenting upon this an Indian journal said: "We have some of these articles from foreign countries, we object to have them now from England, and even from Europe, partly because of the political supremacy of the British over us, which is strengthened by the commercial and economic supremacy that British capitalists and traders have established already in this country, and partly because of the practical exclusion of our people at present from the general trade of the country in European imports. These objections do not exist in the case of Japan, and our first duty is to seek in Japan for those foreign articles which

we are not yet in a position to manufacture ourselves, but which are needed by our advancing culture and civilisation."

The Government itself, of course, maintains a correct attitude in all matters relating to India. This much at least is demanded by the ordinary laws of international courtesy. But the authorities, who are not slow to prosecute journals when they show disrespect for the executive of the law by publishing cartoons of slumbering policemen, are inactive when newspapers, having a semi-official status, publish columns of sedition directed against an ally. During the war the Russians also had cause for a similar complaint. While the Japanese authorities limited the number of visits of friends to prisoners of war, they allowed known revolutionaries to deliver addresses in the camps and to circulate freely seditious literature among the common soldiers. The culpability of the Japanese as mischief-makers is not lessened by the fact that they themselves boast, that, of their manifold qualities, the greatest consists in reverence towards the Throne, and respect for the Constitution. In contrast it is not inopportune to recall that in deference to the wishes of a member of the Embassy, the British Government insisted upon *The Mikado* being withdrawn from the stage during the visit of a Japanese Imperial Prince to London. Japan has undoubtedly become one of the principal centres from which anarchy in India is directed. According to a despatch of recent date which appeared in a London journal, many young Indians were known to have gone abroad in the last year or two to study the manufacture of arms. Most of them went to Japan. Little more than a year ago an extraordinary organisation for sending young Indians to Japan to learn the use of arms and the way to make them was discovered and dispersed. The youths, sometimes of good family, were induced to commit dacoities, and the organisation turned the proceeds of their thefts into cash. When a youth had stolen enough for his maintenance, he was sent to Japan.

Reports from India show that the triumphal progress of Japan has exercised a widespread influence for evil throughout the country. In giving an account of the trials in connection with the Madras riots, *The Englishman*, Calcutta,

stated that a pleader of some standing said in his evidence that many persons were under the belief that the Japanese were coming to help the agitators to oust the British Government and to establish native rule. At the trial in connection with the discovery of bombs in a garden at Manicktollah, the police stated that they found in the possession of the prisoners a series of manuscript notes on the Russo-Japanese war, while at another trial the revelation was made that a work entitled "The Awakening of Japan" was much to the liking of the revolutionaries.

Japanese educational influences are not confined to China and India: they are making themselves felt throughout the whole of Asia. Since the annexation of Korea was accomplished the number of Korean students in Tōkyō has considerably increased. Philippinos and Siamese are also attending the seats of learning in Japan.

The Oriental nations which have lagged behind are entrusting their military training and education to Japan. Japanese naval officers are employed in Siam, while Japanese shipyards receive orders both from China and Siam. Some years ago the ruling Prince of Chinese Turkestan, a territory adjacent to the Indian frontier, completed a course of military training in Tōkyō. In conversation with the writer he frankly declared that he regarded the Japanese army as the best model that the world could offer, and added, that on returning to his own country he intended to organise a force on similar lines consisting of 20,000 men. Time will prove that the principal factor in the awakening of Asia has been not so much the educational facilities afforded by Japan as the spirit of emulation which her progress has quickened in all directions. Already there are signs that Japan has no intention of being so generous in dispensing knowledge as were the European nations in her own case. She has not been slow to observe that many of the Indian and Chinese students who visit her shores are merely seeking technical and industrial knowledge, and, fearing competition in the future, she will doubtless take measures to retain for her own benefit the results of her past experience in the ways of Western civilisation. In adopting this reticent course, however, she will only delay and not arrest the progress of the

sister nations of Asia. For the noise she has made in the world by her own rapid advancement to a position of eminence has awakened the East, and the East will not slumber again until many of the nations of the West have fallen into decay.

It is the West that has brought the East within hailing distance. We have built railways that, in point of time, bring Peking nearer than Pretoria, and we are now shaping further projects which will include India and the Persian Gulf within the possibility of a trans-Continental journey. To the millions of the East we have taught the arts of war and peace. Rudely have we awakened them from the slumber of ages, and now abruptly we are brought face to face with the consequence. Russia, whose frontiers lie athwart Manchuria, Mongolia, Turkestan, Persia, Afghanistan, and Turkey, has been singled out by Nature to be the protecting bulwark of Western civilisation. Her peasantry are awakening at a time when the hordes of Asia, too, are bestirring themselves. The Russian Government have realised that they cannot hold territories that they do not develop and populate—hence the Amur railway to the Far East, and emigration to Siberia. Thus we may say that an outpost of Western civilisation is being converted into a barrier—a barrier composed of sturdy Russian peasants whose industrial activities and, if necessary, whose strong right arm will stem the tide of Asiatic aggression. For in no circumstances can the West assimilate with the East; it can only raise a breakwater against the East. We may yet be thankful that the progress of Russia has been retarded until to-day, and that she still has in reserve those millions of sturdy sons of the soil. Both as a man and as a soldier, the Russian peasant is unsurpassable. Feed him, clothe him, house him with but a meagre degree of comfort, and day in and day out he will work as hard as in time of war he will fight courageously. He is, indeed, well worthy to represent the liberty-loving manhood of Europe in the coming keen struggle against the economic forces of Asia.

# XXXIII

## THE GROWTH OF SOCIALISM

THE sporadic outbursts of labour violence in Japan, though confined to the conditions that prevail in localities at the moment, are none the less highly indicative of the general situation. But another and a still more significant sign of the times is to be found in the spread of Socialism. This circumstance is due to several causes, the principal of which is purely economic. The increase in the burdens of taxation, the rise in the cost of living, unaccompanied as it is by a corresponding appreciation in wages, and last but not least the dawning realisation that capital is exacting too heavy a toll from labour, are prominent among the agencies which have propagated the seed of Socialism. It is difficult to give any accurate idea of the extent of this movement. Whenever the agitation has shown the least flicker of flame the police have instantly applied rigorous methods of suppression. While in this way violent outbursts have been temporarily checked, it cannot be denied that not only has Socialism survived, but it has, if anything, received an access of vitality in consequence. It will no doubt be argued that as Socialism is fundamentally antagonistic to Japanese ideas, both in regard to the inviolability of the Throne and the duty of the citizen towards the State, its teachings can never thrive among the masses of the people. Such a theory certainly held good in the days before Japan had made material industrial progress. But a gradual change has been brought about by the spread of education—education which taught of the struggle for liberty and freedom in foreign lands—and also by the dawning realisation that the era of reform that followed the Restoration was merely the manifestation of a State policy which sought to retain many of the powers and privileges of feudalism, while at the same time utilising the material and

productive experience of the West. As a potential menace this policy has only recently made itself apparent. In certain quarters it is urged that Socialism can never make serious headway in Japan; but surely those who indulge in such a prophecy ignore facts already accomplished. However much the Government may desire to give the impression that the views of the extreme democracy do not meet with popular acceptance, the precautions that are being taken to guard the nation against their influence are sufficiently indicative of the fears which exist in high quarters. In certain departmental instructions issued in the *Official Gazette*, Baron Makino, at the time Minister of Education, alleged that Socialistic doctrines were being propagated among school teachers and pupils. "Those who have watched the progress of Socialism in this country during the past few decades," wrote in reply Mr. Abe Isoo, an eminent authority on educational subjects, "can have little doubt that it will have a great future here. The development of the Socialistic movement in Japan has in every respect resembled the development of Christianity. What is said against Socialism to-day was said against Christianity thirty years ago. It was alleged that the Christian belief would gradually undermine the authority of the State, and there were those who tried to keep it out of the schools on this account. The silliness of these arguments is apparent to everybody to-day. But here we have the Minister of Education denouncing Socialism on the very same grounds that Christianity was denounced by Dr. Inoue Tetsujirō and others. Attempts were made by the last Itō Cabinet and by the Katsura Cabinet to suppress Socialism on political grounds. Such attempts were bound to fail. They are rightly regarded by thoughtful people as ill-advised and mischievous; as an unwarrantable interference with liberty of thought in this country. . . . The Minister's words read very much like a denunciation of Socialism *per se*. At any rate they imply that extreme forms of Socialism have made great headway in this country, which is contrary to the truth. There are no advocates of Nihilism here. The Socialism that is here resembles that prevailing largely in England, France, and Germany. Its objects are economic rather than political. The movement in Europe has extended to almost all countries, and is

the result of much study of economic problems. The notion that it is subversive of legal authority is quite absurd. The object that these Socialists have in view is to run all paying concerns in the interest of the community at large. The Saionji Government has already committed itself to a very large extent to this policy. The Government is figuring as the champion of State Socialism, and is labouring to bring the majority of the productive enterprises of the country under its control. Is this the Socialism that is going to disturb the traditional educational policy of the country? That there have been a few indiscreet advocates of Socialism in this country who for the sake of sensation have used extreme language cannot be denied. But this is incidental to all movements and causes, good and bad. One does not expect a Minister of Education to judge of Socialism by means of a few wild utterances. The attitude of our Government during the Meiji era to free-thought has too often been one of opposition and bigotry. Itagaki's party and Ōkuma's party were both regarded with extreme suspicion for a series of years. The doctrines preached by the Liberals and Progressists were wrongly pronounced to be dangerous. The same thing seems to be happening with Socialism. Why the Socialism prevailing in this country should have been chosen for denunciation by a Minister of State, it is hard to see. Can it be that Baron Makino knows nothing about Socialism here? The Minister of Education showed want of acquaintance with the lives passed by modern students when he affirmed that one of the chief causes of the mental depression from which they are suffering is profligacy. Does he not know that there are thousands of students in the country waiting for openings which are not available! They are educated up to a certain point, and then allowed to shift for themselves. They are at a loss to know how to begin life. Is not this circumstance enough to account for the despondency into which so many of them lapse! To attribute lowness of spirits to vice is to show ignorance of human nature and the ways of the world. Students are to a large extent the victims of environment—environment which society and the Government working together alone can alter. To assume that everything has been done for them that can be done, and that the majority of

students go astray through deep-seated moral depravity, displays ignorance of the real situation."

The fear that in the army the spread of Socialistic teachings would undermine the patriotism of the men led to the following decisions as a result of a meeting of the commanders of divisions :—

1. A close scrutiny should be made into the character and friends of soldiers suspected of being Socialists.

2. Steps should be taken to ascertain what persons they meet when they are out of barracks.

3. The suspected soldiers should be shadowed by gendarmes.

4. Care should be taken not to allow the necessary supervision to injure the standing of the suspected men as soldiers.

The laws having for their object the preservation of peace vest the police with autocratic powers. Before a political party can be organised, the consent of the executive authorities must be obtained. Moreover, newspapers and other publications can be suppressed, and associations dissolved by the police. Incidentally, it may be mentioned that many years ago a Socialist association was formed on the lines of the Fabian Society. Owing to the opposition of the authorities, all attempts to organise a party have completely failed, while a number of journals have been peremptorily ordered to cease publication because they contained articles which, in the opinion of the police, were likely to cause breaches of the peace. In one instance a newspaper was suppressed merely because it published the diaries of Socialists who were serving terms of imprisonment. From time to time the authorities have prohibited the sale of European books on the ground that they are prejudicial either to the interests of State or to the well-being of the people. Included among the authors whose works are banned are to be found such famous names as Molière, Tolstoy, Zola, Macaulay, and Goldsmith. The idea that our English classic, "The Vicar of Wakefield," should be regarded by Japanese censors as degrading to public morality, is nothing more or less than a reflection upon the intelligence of the race. The attitude of the authorities in this matter is all the more in-

explicable in view of the fact that the Japanese newspapers frequently contain columns of undisguised filth, while the illustrated journals publish pictures of indecent subjects. Apparently the official view is that Japanese morals can only be contaminated by foreign agencies. Admittedly it must be a frail intellect that cannot interpret a wholesome lesson from "The Vicar of Wakefield." Tolstoy sent a copy of his essay, "The Meaning of the Russian Revolution," to the editors of a Japanese publication, issued under the title of *The Review of Revolutions*. The work was promptly rendered into Japanese, but circulation was immediately prohibited. In the case of Zola's novel, "Paris," the authorities found themselves in a dilemma. Marquis Saionji, then Prime Minister, who, during the early days of his career, had imbued Republican teachings when in France, interested himself in the translation, and wrote a short preface welcoming the work. The officials of the Imperial Household, however, disliked the democratic sentiments expressed by M. Zola, and his revelations of vice in high quarters. At their instigation, the sale of the second volume of the Japanese translation was suppressed. Incidentally, it may be mentioned that the first volume had already enjoyed a large sale. Some years ago, Mr. Ozaki, the Mayor of Tōkyō, and a politician whose loyalty is above suspicion, was compelled to resign a Ministerial position in consequence of having delivered a speech the burden of which was a mere assumption, for the sake of argument, that a Republican form of Government existed in Japan. In view of the rigour of these repressive measures, it would appear that the authorities are in possession of evidence which tends to show that Socialism is making more progress in Japan than is generally supposed. Were it otherwise, these measures would be merely the outcome of needless panic. Surely, even the most ardent admirers of Japan would not suggest that her statesmen, who so often have been termed cool and level-headed, would give way to panic? It must not be forgotten, however, that in Japan curious ideas are entertained in regard to what constitutes Socialism. "Briefly, Socialism in Japan," says the *Japan Times*, a semi-official organ, "may be divided into three classes, namely, Christian Socialism, State Socialism, and Democratic Socialism. The

first embodies a Socialistic doctrine based upon Christian teachings and ideas. Its ideal is to effect a system of government which accords with Christian doctrines, and so is not necessarily dangerous in character. The second sect comprises those who advocate the betterment of the government of the State by national power. Those belonging to the third category are characterised by a strong antagonism to war and national armaments. This party has long been subdivided into two sects; one of these upholds the universal suffrage, and the other is regarded as the most dangerous in which Sakai and other extremists, who have been recently arrested, are prominent figures. These persons are propounders of the view that the present social system must be overthrown from its foundation by strikes and other radical measures. But it is satisfactory to the State that those who espouse such extreme opinions are confined to a small portion of the social outcasts."

Christianity may have much to answer for; but it is a pity, for the sake of missionary effort, that the charge of Socialism should be laid at its door. Again, it would seem that in Japan all democratic movements are labelled "Socialism." It is undeniable that many students who, at the time of the inception of Western reforms, went abroad to France and the United States, were influenced in no small measure by Republican teachings. Many of these are now prominent leaders of public opinion. While they have discreetly modified their views in accordance with the exacting requirements of Japanese patriotism, or else have refrained from giving expression to them, it must not be imagined that they have wholly discarded the principles of their early teachings. But to suggest that they are Socialists, in any sense of the term, would be ludicrous. It was stated that Marquis Saionji was compelled to resign the Premiership because of dissatisfaction expressed in high quarters at his inability to check the growth of Socialism, and it was even hinted that, owing to his alleged sympathy with the cause, he did not desire to take repressive measures. Certain members of the *Seiyu-kai*—the party which had supported the Ministry—held a meeting and passed a resolution to the following effect:—

"It is rumoured that some members of the Katsura Cabinet

made a communication, through Prince Yamagata, to the Emperor, to the effect that Marquis Saionji, Mr. Matsuda, Mr. Hara, and some other members of the Saionji Cabinet, were disposed to favour a republic, as they shared the views of the French school of political thought, and that they were consequently inclined to show leniency toward Socialists and Anarchists. It was also alleged that the new Criminal Code adopted by the Seiyu-kai Government was Socialistic in its nature, and that the Japanese educational system was being given objectionable features of the same kind, with the result that the institutions of the Empire were in great danger. It is said that it was owing to this intrigue that the Cabinet was obliged to resign. We therefore urge the leaders of the party to investigate the cause of the resignation, and strongly to oppose the formation of a new Cabinet, whatever its composition."

Marquis Saionji may hold views that are favourable to the aims of democracy, but he is first and foremost a courtier. Invariably, however, the Japanese are incapable of viewing things in true perspective. During the war, everybody who had a single good word to say for the Russians was looked upon as anti-Japanese. Likewise everybody who wishes to see representative government established in reality, and not in name, as at present, is accused of exhibiting Socialistic tendencies. The real danger to the State lies not in the enlightened agitation of scholarly politicians, but in the possibility of the extreme Socialists taking advantage of the widespread dissatisfaction with economic conditions to foment strife against the constituted authority of the land. Although the lawless elements are at present limited both in numbers and in influence, the policy of the Government in sacrificing social reform to the raising of armaments is surely preparing the way for a struggle which may have disastrous and far-reaching consequences. The extreme Socialists first excited public attention at the time of the Russo-Japanese War. To ventilate their views they established two journals, one of which was issued daily. Both these ventures failed because of a lack of financial support. Dissension split the party into small groups, each of which subsequently confined its activities to organised disturbances of the peace. From time to

time numerous arrests were made, and terms of major imprisonment ranging from thirty months downwards, as well as heavy fines, were imposed. In some instances the police anticipated disorderly proceedings by securing the leaders overnight. A striking feature of the movement has been the prominent part played by women, the inferiority of whose status is emphasised in Japan more than in any other country. On one occasion thirteen women, who were selling pamphlets advocating Socialism, were arrested in the principal park of Tōkyō.

The following account of a Socialist disturbance, taken from the *Japan Times*, is of special interest, inasmuch as the picturesque English of the writer reveals to some extent the Japanese mental attitude towards men and women of advanced ideas and militant tendencies: "Gizo Yamaguchi, an extreme Socialist, has recently been released from prison, where he was confined for insulting Government officials. To welcome this man, notorious Socialists such as Sakai Toshihiko, Sanshiro Ishikawa, Kojiro Nishikawa, &c., convened a meeting in the Kinki-kan Hall, Kanda. There were sixty-four persons present, including several women. After formalities, the party was entertained by sword-dancing, &c., and the meeting broke up at 6 P.M. Immediately the meeting was declared at an end, the sixty-four men sallied out in one batch, and, forming a parade, began to sing a Socialist's song as they marched forth. At the same time they flourished large banners bearing such words as Anarchism, Revolution, Common Property, &c. The three policemen who had been watching the proceedings in case of disorderly conduct, mildly pointed out the impropriety of their action, and told them to fold up their banners and proceed quietly. The policemen's expostulations were utterly disregarded by the infatuated crowd, who boisterously accused the police of violence, tyranny, &c. The police did not know how to quiet them; when a young woman, dressed in student's style, came forth from among the crowd, crying, 'What despotism on the part of the police!' With these words the crazed woman snatched the banner bearing the word 'Anarchism' from the hand of a comrade, and, flourishing it high up in the air, began to deliver a speech, in a loud, hysterical tone,

upon Socialistic doctrines under the very nose of the police. Her speech seemed to inspire the crowd with new courage, and they defied the police, who consequently tried to wrest the banners by force. The Anarchists, declaring that their banners were their life and honour, fought to retain them. The three police, unable to cope with such odds, telephoned the station for reinforcement, upon which about twenty police ran to the scene. A fierce encounter ensued, and three young women fought most desperately, biting and kicking the policemen. The fighting continued about one hour. Meanwhile curious spectators had gathered in large numbers, and the whole neighbourhood was simply crammed with an immense mass of humanity. At last nine men, including Sakai and four young women, who struggled the hardest, were taken to the Kanda station. These men are Anarchists of the most extreme and vehement type. Among them are two daring fellows who were once punished for calling the judges and procurators downright fools in a public court of justice. Even after they were locked up they kept on clamouring as before. They would sing Socialist's songs, stamp their feet on the floor, knock the window panes. When police officials tried to examine them, they absolutely refused to answer their questions, and railed the policemen in the most contemptuous terms. Though their names could be ascertained with some difficulty, their ages and other particulars were unknown owing to their obdurate silence. The chief of the station detailed twenty policemen off duty to guard the station. The policemen are reported to be hard put to it to exercise proper control over them."

The extreme Socialists are opposed to the raising of armaments and to the increase of taxation. In February of 1908 they organised a demonstration to protest against any addition to the financial burdens of the people. An anonymous handbill was circulated on which was printed the following quaint warning: "No admittance to those carrying any kind of weapon. The following are also strictly forbidden —To bring petroleum oil, matches, and clubs; to collide with the police; to set fire to police-boxes and tramcars; throw stones at the parliamentary buildings; assault on the members of the Seiyu-kai and those M.P.'s who sup-

ported the increased taxation bill." On the previous day, however, all the leading members of the Socialistic party were arrested. Consequently the demonstration proved a fiasco. Three hundred coolies employed their time by smashing tramcar windows; and at night, owing to the menacing attitude of the mob, which had increased to about 1000 persons, the windows of the tramcars were enclosed with shutters. Altogether thirty-four arrests were made. On another occasion, when a crowd assembled to protest against a proposed increase in tramcar fares, the demonstration ended in failure in consequence of the foresight displayed by the police, who, acting in accordance with the provisions of the Peace Preservation Law, kept the leaders in custody for the whole of the day.

One well-known Japanese publicist has declared that under the pretence of preserving industrial peace the Government suppresses every party aiming at the reform of society, and that it hinders labour movements at every step instead of providing for the protection and elevation of the working classes. "In these respects," adds the same writer, "our Government is certainly fifty years behind the Russian Government." Perhaps the most recent and at the same time the most authoritative utterance upon the subject was that delivered by Mr. Yukio Ozaki, M.P., the Mayor of Tōkyō, who declared that "Socialism was the gravest internal problem that confronted the country, and would prove the greatest menace to Japan's fundamental principles of government." The alleged discovery of a plot against the life of the Emperor, and the trial under the shadow of secrecy of twenty-six conspirators, followed by the infliction of the death penalty in some cases and of life sentences in others, came as a shock to the guardians of Japan's destiny. Who among them, a few years ago, could have believed it possible that the life of their Emperor would be placed in peril by reason of any action on the part of his subjects? It had ever been their proud boast that of all the nations of the earth Japan was the favoured inasmuch as in the implicit recognition that the throne of the Mikados was sacred and inviolable lay rooted the loyalty and devotion of the masses.

As I have already implied, the time is not altogether

inopportune for the sowing of the seeds of Socialism. It is urgent that the Government should take measures to ameliorate the conditions of the labouring communities. Otherwise the doctrines of Socialism will find ready acceptance, and the violent remedies advocated by agitators will arouse those fanatical instincts which latter-day civilisation, far from eradicating, has only kept in check. And it must not be forgotten that in much higher circles there are a number of prominent men imbued with the principles of democracy, and in some instances of what might be termed of scientific Socialism. Japan is now represented at all international Socialist conferences in Europe. Singularly enough, owing to the need for replenishing the Treasury, the Government in creating monopolies has been compelled to go a long way in the direction of State Socialism. Already the question is being asked: Will it go still farther, and thus anticipate a dangerous movement? Apart from economic conditions, other important factors are preparing the way for the assertion of Japanese democracy. The demand for a Government responsible to the people is shaping itself. Nor are the army and navy so contented as some admirers of Japan would have us believe. A Japanese newspaper, the *Sigi*, has declared that if fears are entertained that Socialism will spread to the military forces, the best measure of precaution is to take steps to prevent the ill-treatment of soldiers or bluejackets by superiors. The future of Japan certainly presents many problems of extreme gravity. To-day, industrial advancement is being made at the expense of the individual welfare of the people. Herein lies the opportunity of the Socialists. If statesmen are wise, they will be content with a less ambitious programme of expansion than that which they are now pursuing. They will, in short, frustrate the aims of Socialism by pursuing in earnest the practice of Social Reform.

# XXXIV

## THE LABOUR QUESTION

THE student of international affairs will find that of all the interesting problems which Japan presents none is more important than the question of labour. In the first place, it is important because it will exercise a great influence upon the commercial activities of Japan in competition with the Powers of the world. It will, in short, be the determining factor in the struggle now being waged for tradal supremacy in the Far East. For many years to come Japan will possess an enormous advantage over her rivals; this much is inevitable, and must be recognised. Her economic standard is so low as to render comparison with the poorest of Western countries altogether out of the question. The process of levelling up, however, has already begun. Official statistics relating to Yokohama, one of the great centres of foreign trade in Japan, show that if wages prevailing in 1902 are taken as the standard, the average rate of wages for thirty-eight classes of workmen increased by 16.95 per cent. in 1906 and in 1907 by 30.26 per cent. Of the thirty-eight classes only four showed a decrease on the figures for 1902, while as there were only six increases of 50 per cent. or over, it is evident that the general increase was distributed with something approaching equality over all classes. Similar increases in wages took place in other parts of the Empire. In 1908 there was again a general rise in wages.

At the same time, there has been an all-round increase in the cost of living. Accepting 1902 as the index year of thirty-seven articles of food, clothing, and household use, the majority of which are of Japanese production, the average cost increased 21 per cent. in 1906, and 31.6 per cent. in 1907. The following table shows the increase in the monthly cost of living in a middle-class Japanese household:—

| | 1887. | | | 1897. | | | 1907. | | |
|---|---|---|---|---|---|---|---|---|---|
| | £ | s. | d. | £ | s. | d. | £ | s. | d. |
| House rent | 0 | 5 | 1¼ | 0 | 9 | 2¼ | 0 | 14 | 3½ |
| Rice | 0 | 5 | 8 | 0 | 6 | 9 | 0 | 14 | 8¼ |
| Soy | 0 | 0 | 5½ | 0 | 0 | 9 | 0 | 1 | 2 |
| Miso | 0 | 0 | 5 | 0 | 0 | 10 | 0 | 1 | 2¾ |
| Salt | 0 | 0 | 0¾ | 0 | 0 | 1 | 0 | 0 | 3 |
| Saké | 0 | 0 | 3¾ | 0 | 0 | 6 | 0 | 0 | 8½ |
| Kerosene | 0 | 0 | 6 | 0 | 0 | 7¼ | 0 | 1 | 0½ |
| Other oils | 0 | 0 | 1½ | 0 | 0 | 3 | 0 | 0 | 6 |
| Sugar | 0 | 0 | 3¾ | 0 | 0 | 7¼ | 0 | 1 | 2¾ |
| Milk | 0 | 1 | 10 | 0 | 2 | 2 | 0 | 2 | 9 |
| Newspaper | 0 | 0 | 6 | 0 | 0 | 7¼ | 0 | 0 | 8½ |
| Primary school tuition, per child | 0 | 0 | 2½ | 0 | 0 | 5 | 0 | 0 | 7¼ |
| Pens, ink, paper, per school child | 0 | 0 | 7 | 0 | 1 | 0¼ | 0 | 1 | 5 |
| Hair-dressing | 0 | 0 | 7½ | 0 | 0 | 9¾ | 0 | 1 | 0¾ |
| Bath fee | 0 | 0 | 8 | 0 | 1 | 2¾ | 0 | 1 | 11½ |
| Tobacco | 0 | 1 | 10 | 0 | 2 | 5½ | 0 | 3 | 0¾ |
| Vegetables | 0 | 1 | 0¼ | 0 | 1 | 10 | 0 | 3 | 0¾ |
| Fish | 0 | 1 | 2¾ | 0 | 2 | 5¼ | 0 | 2 | 10¼ |
| Beef | 0 | 1 | 2¾ | 0 | 2 | 5¼ | 0 | 3 | 8 |
| Kofu, &c. | 0 | 0 | 3 | 0 | 0 | 6 | 0 | 0 | 9 |
| Tea | 0 | 0 | 4½ | 0 | 0 | 6 | 0 | 0 | 10¼ |
| Firewood | 0 | 0 | 4 | 0 | 0 | 7 | 0 | 0 | 10 |
| Charcoal | 0 | 0 | 11 | 0 | 1 | 2¾ | 0 | 1 | 10 |
| Toilet articles | 0 | 0 | 5 | 0 | 0 | 7¼ | 0 | 1 | 0¼ |
| Communications' fee | 0 | 0 | 4 | 0 | 0 | 4 | 0 | 0 | 8 |
| Rikisha and cars | 0 | 1 | 10 | 0 | 2 | 5¼ | 0 | 2 | 8 |
| Ward charges | 0 | 0 | 5 | 0 | 0 | 7¼ | 0 | 1 | 0¼ |
| Stationery | 0 | 0 | 7¼ | 0 | 0 | 10 | 0 | 1 | 2¾ |
| Servant's wages | 0 | 2 | 0½ | 0 | 3 | 0¾ | 0 | 4 | 1 |
| Total | 1 | 10 | 2½ | 2 | 5 | 7½ | 3 | 11 | 2½ |

Without making any allowance for luxuries or contingencies, the average middle-class family can live on an income of £45 per annum, an amount which is only equal to that received by the labouring classes in Europe. While it has taken in all twenty years to attain this standard—still absurdly low in comparison with the conditions that prevail in the West—it must not be forgotten that the rise in late years, practically dating from the awakening of the nation to self-consciousness after the China war, has been both persistent and phenomenal. On the other hand, the increase in national wealth has not been sufficient to account for this rise. The real cause must be sought elsewhere, and, in the opinion of many who are competent to judge, it is to be found in the creation of new wants, or, in other words, in the ever-increasing demand for articles rendered necessary by the acceptance of a new standard of

civilisation, articles which are either of Western origin or production, and which in former times would have been regarded as luxuries. The standard of living among the working classes has also risen considerably, and, unfortunately for them, while wages have appreciated, the increase has not always corresponded to that of the cost of living. A serious disproportion in this connection is bound to produce undesirable conditions in any country, and more especially in Japan, where labour is rewarded on such a fine scale, that little, if any, margin is left when the bare necessaries of life have been defrayed.

The table on the next page will show the general rate of wages ruling to-day as compared with that prevailing fifteen years ago.

It will be observed that of all kinds of employment bricklaying is the highest paid. Yet even to-day the bricklayer receives a weekly wage equivalent to only 15s. Agricultural labourers are the least paid, a man earning 5s. 7d., and a woman but 3s. 3d. per week.

The following return, prepared for the writer in 1906, shows how the monthly income of a working-class household, consisting of four persons, is expended :—

| | s. | d. |
|---|---|---|
| Husband | 6 | 2 |
| Wife | 6 | 2 |
| Two children, or child and dependant | 10 | 3 |
| Fuel | | 10 |
| Lighting | | 4 |
| Rent | 4 | 1 |
| Clothing for four persons | 2 | 7 |
| Tobacco | | 11 |
| Barber | | 3 |
| Footgear for husband | | 6 |
| „ „ wife and children | 1 | 9 |
| | £1 | 13 10 |

It will be seen that for thirty-five shillings, a household of four people could subsist for a whole month.

| Nature of Employment. | 1895. | 1910. |
|---|---|---|
| | Per day. *Yen.* | Per day. *Yen.* |
| Carpenter | 0.312 | 0.810 |
| Plasterer | 0.313 | 0.840 |
| Stone-cutter | 0.359 | 0.960 |
| Sawyer | 0.307 | 0.780 |
| Shingle-roofer | 0.293 | 0.790 |
| Tile-roofer | 0.325 | 0.970 |
| Brickmaker | 0.380 | 0.740 |
| Bricklayer | ... | 1.060 |
| Floor-mat maker | 0.297 | 0.740 |
| Screen and door maker | 0.304 | 0.780 |
| Paperhanger | 0.283 | 0.740 |
| Cabinetmaker | 0.296 | 0.710 |
| Cooper | 0.253 | 0.570 |
| Shoemaker | 0.315 | 0.630 |
| Harness-maker | 0.298 | 0.680 |
| Cartwright | 0.279 | 0.670 |
| Tailor (for Japanese dress) | 0.252 | 0.540 |
| Tailor (for European dress) | 0.384 | 0.770 |
| Dyer | 0.237 | 0.460 |
| Blacksmith | 0.280 | 0.680 |
| Jeweller | 0.296 | 0.620 |
| Founder | 0.307 | 0.660 |
| Potter | 0.217 | 0.660 |
| Lacquerer | 0.278 | 0.640 |
| Papermaker | 0.186 | 0.440 |
| Tobacco-cutter | 0.249 | 0.580 |
| Confectioner | 0.206 | 0.390 |
| Compositor | 0.239 | 0.510 |
| Printer | 0.236 | 0.470 |
| Shipwright | 0.322 | 0.830 |
| Gardener | 0.291 | 0.690 |
| Farm labourer (male) | 0.185 | 0.390 |
| Farm labourer (female) | 0.114 | 0.230 |
| Sericultural labourer (male) | 0.192 | 0.420 |
| Sericultural labourer (female) | 0.125 | 0.270 |
| Silk-spinner (female) | 0.135 | 0.250 |
| Weaver (male) | 0.182 | 0.440 |
| Weaver (female) | 0.115 | 0.240 |
| Fisherman | 0.232 | 0.510 |
| Day labourer (monthly contract) | 0.223 | 0.530 |
| Male servant (monthly contract) | 1.710 | 4.040 |
| Female servant (monthly contract) | 0.930 | 2.830 |
| Farm labourer (male), yearly contract | 21.930 | 46,220 |
| Farm labourer (female), yearly contract | 12.180 | 28,750 |

*Note.*—1 Yen = 2s. 0.582d.

The following table of wages in the capital is compiled from the latest available statistics :—

| Kind of Employment. | Wages in equivalent English Money | | | Remarks. |
|---|---|---|---|---|
| | Per 10 Hours. | Per Day. | Per Month. | |
| Compositors, vernacular printing | ... | ... | 12/ to 20/ | With board. |
| ,, European ,, | ... | ... | 50/ | ,, |
| Lithographers | ... | ... | 40/ | ,, |
| | 2/ | ... | ... | ... |
| Wooden plate engravers | 2/ | ... | ... | ... |
| Bookbinders | ... | 1/3 to 1/4 | ... | ... |
| | ... | ... | 18/ | With board. |
| Paper-cutters | ... | 1/1 to 1/3 | ... | ... |
| Railway porters | ... | ... | 24/ | Clothes allowed. |
| ,, labourers | 8d. to 11d. | ... | ... | ... |
| Labourers | 10d. | ... | ... | ... |
| Tailors (foreign dress) | ... | 1/8 to 3/ | ... | ... |
| | ... | ... | 40/ | With board. |
| Dyers | ... | ... | 30/ to 40/ | ,, |
| Gardeners | ... | 1/3 | ... | ... |
| Carpenters | ... | 1/6 to 2/ | ... | ... |
| Joiners | ... | 1/3 to 1/11 | ... | ... |
| Plasterers | ... | 1/3 to 1/11 | ... | ... |
| Clockmakers | ... | ... | 24/ to 30/ | With board. |
| Blacksmiths | ... | ... | 26/ to 30/ | ... |
| Masons | ... | 1/3 to 1/6 | ... | ... |
| Sawyers | ... | 1/11 to 2/6 | ... | ... |
| Coopers | ... | ... | 15/ | With board. |
| Paperhangers | ... | ... | 12/ | ... |
| Mat-makers (Tatami) | ... | ... | 11/ | With board. |
| Tilers | ... | 1/3 to 1/8 | ... | ... |
| Cement factory employees | ... | 10d. to 1/6 | ... | ... |
| Military arsenal ,, | ... | ... | 18/ | ... |
| Gas factory ,, | ... | 1/ to 1/8 | ... | ... |
| Electric Light Co. ,, | ... | ... | 6/ | With board. |
| Jinrikisha-men | ... | ... | 14/ | ,, |
| | ... | ... | 30/ | Without board. |
| Newspaper-sellers | ... | ... | 5/ to 6/ | With board. |
| Postmen | ... | ... | 18/ to 24/ | ... |
| Tramway conductors | 10d. | ... | ... | ... |
| Cooks | ... | ... | 10/ to 30/ | With board. |
| Cotton-ginners | ... | 1/ | ... | Maximum. |
| Bootmakers | ... | 1/ | ... | ,, |
| Female factory operatives | ... | 6d. | ... | Maximum for thousands of this class. |

It is unquestionable that Japanese labour is altogether inferior to white labour—that it is not capable of the same production, and that it is not nearly so efficient. In this connection the following passage from an article written by Mr. Gorton Angier, the well-known authority on Far Eastern affairs, is of especial interest : "It is said that Japanese labour

is cheap. So it is, possibly, even at the rates now prevalent, which have been continually on the upward scale, when compared with the rates prevalent in Europe or America. Still it is getting dearer when the lowest class of labour in the capital, men digging ditches or drains, receive 0.50 or 0.60 (1s. or 1s. 2d.) a day. Such rates do not prevail in the country. When efficiency and volume of output are compared, we get on to very debatable ground. I have seen men in engineering shops doing very good work indeed, equivalent to home work, but when it came to volume of output, I could not get any very clear answers. The Government undoubtedly in its dockyards and arsenals seems to be able to get all the best and most skilled labour in the country, and is probably better served all round than any company or factory. Some labour employers, men competent to form an opinion on such questions, have given it as their opinion that it was proximity of market rather than actually cheaper production which had assisted certain Japanese industries. The Japanese artisan, mechanic, or coolie now lives on a much higher standard than his father was brought up on. He is not, however, up to the standard of the European or American workman in his labour."

The introduction of mechanical contrivances in the past forty years has brought about a great change in labour conditions. Formerly, the development of Japanese skill had been confined to handicrafts, and labour was both plentiful and cheap. The application of Western methods and inventions — application which came with remarkable swiftness—led to an enormous increase in production, and it followed naturally that there should be a constantly increasing demand for skilled labour. This circumstance was, in itself, sufficient to cause wages to rise by leaps and bounds. At the same time, the general economic conditions which prevailed after the war with China materially assisted the upward tendency.

Allowing for the rise in the cost of living, and also in the rate of wages which has taken place in the last decade, it is evident that the disparity between the economic standards of East and West is so wide that many years must elapse before Japan becomes comparable with the countries of

| Employment. | No. of Working Days. | Operatives. | | | | | | | Average Daily Wages. | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Above 14 Years of Age. | | Under 14 Years of Age. | | Total. | | | Above 14 Years of Age. | | Under 14 Years of Age. | |
| | | Male. | Female. | Male. | Female. | Male. | Female. | Total. | Male. | Female. | Male. | Female. |
| | | | | | | | | | *s. d.* | *s. d.* | *s. d.* | *s. d.* |
| Textile Factories— | | | | | | | | | | | | |
| Raw silk | 212 | 7,028 | 132,360 | 114 | 11,124 | 7,142 | 143,484 | 150,626 | 7 | 5 | 3 | 3 |
| Spinning | ... | 15,059 | 65,126 | 595 | 5,250 | 15,654 | 70,376 | 86,030 | ... | ... | ... | ... |
| Weaving | ... | 9,983 | 63,057 | 1,415 | 9,860 | 11,398 | 72,917 | 84,315 | ... | ... | ... | ... |
| Knitting and braiding | ... | 1,171 | 2,407 | 82 | 416 | 1,253 | 2,823 | 4,076 | ... | ... | ... | ... |
| | Total | 33,241 | 262,950 | 2,206 | 26,650 | 35,447 | 289,600 | 325,047 | | | | |
| Machine and Iron Factories— | | | | | | | | | | | | |
| Machine-making | 312 | 23,904 | 190 | 431 | 18 | 24,335 | 208 | 24,543 | 10 | 5½ | 4 | 2½ |
| Ship-building | 311 | 18,980 | 105 | 447 | 3 | 19,427 | 108 | 19,535 | 3½ | 5 | 4 | 3 |
| Tool-making | ... | 10,000 | 941 | 680 | 130 | 10,680 | 1,071 | 11,751 | ... | ... | ... | ... |
| Founding | ... | 2,607 | 208 | 250 | 83 | 2,857 | 291 | 3,148 | ... | ... | ... | ... |
| | Total | 55,491 | 1,444 | 1,808 | 234 | 57,299 | 1,678 | 58,977 | | | | |
| Chemical Factories— | | | | | | | | | | | | |
| Ceramic | ... | 14,859 | 3,260 | 1,817 | 396 | 16,676 | 3,656 | 20,332 | ... | ... | ... | ... |
| Gas | 365 | 431 | ... | 1 | ... | 432 | ... | 432 | 1 2 | 3½ | 5 | ... |
| Paper | ... | 3,675 | 2,258 | 101 | 221 | 3,776 | 2,479 | 6,255 | ... | ... | ... | ... |
| Dyeing | ... | 3,784 | 1,609 | 281 | 65 | 4,065 | 1,674 | 5,739 | ... | ... | ... | ... |
| Leather | 320 | 501 | 44 | 28 | ... | 529 | 44 | 573 | 10 | 5½ | 4 | ... |
| Explosives | .. | 6,523 | 10,846 | 1,371 | 3,588 | 7,894 | 14,434 | 22,328 | ... | ... | ... | ... |
| Artificial manures | 294 | 1,416 | 147 | 1 | ... | 1,417 | 147 | 1,564 | 11½ | 6 | ... | ... |
| Medicines, chemicals, &c. | ... | 2,057 | 673 | 106 | 207 | 2,163 | 880 | 3,043 | ... | ... | ... | ... |
| Miscellaneous | ... | 1,713 | 566 | 66 | 97 | 1,779 | 663 | 2,442 | ... | ... | ... | ... |
| | Total | 34,959 | 19,403 | 3,772 | 4,574 | 38,731 | 23,977 | 62,708 | | | | |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Foods and Drinks Factories—** | | | | | | | | | | | | |
| Brewery | ... | 15,574 | 381 | 240 | 28 | 15,814 | 409 | 16,223 | ... | ... | ... | ... |
| Sugar | 273 | 1,136 | 179 | 5 | ... | 1,141 | 179 | 1,320 | 11¾ | 6 | 4 | ... |
| Tobacco | 294 | 5,384 | 16,194 | 408 | 1,764 | 5,792 | 17,958 | 23,750 | 11 | 4 | 2½ | 2 |
| Tea | 104 | 534 | 665 | 4 | 67 | 538 | 732 | 1,270 | 1 0 | 5 | 4½ | 4 |
| Grain-cleaning and milling | 264 | 2,450 | 199 | 14 | 7 | 2,464 | 206 | 2,670 | 9½ | 5 | 5½ | 4 |
| Lemonade, ice, and mineral waters | 246 | 105 | 88 | ... | 7 | 105 | 95 | 200 | 10 | 4 | ... | 3 |
| Confections | 291 | 640 | 156 | 54 | 63 | 694 | 219 | 913 | 8 | 4 | 4½ | 3 |
| Canning and bottling | 247 | 366 | 497 | 31 | 49 | 397 | 546 | 943 | 10½ | 5 | 4 | 3 |
| Miscellaneous | 223 | 1,312 | 629 | 18 | 12 | 1,330 | 641 | 1,971 | 9 | 4½ | 3½ | 3 |
| | Total | 27,501 | 18,988 | 774 | 1,997 | 28,275 | 20,985 | 49,260 | | | | |
| **Miscellaneous Factories—** | | | | | | | | | | | | |
| Printing and publishing | 319 | 8,940 | 1,259 | 1,589 | 419 | 10,529 | 1,678 | 12,207 | 8¾ | 5 | 3 | 2½ |
| Paper-ware | 295 | 1,117 | 857 | 285 | 323 | 1,402 | 1,180 | 2,582 | 8¾ | 4 | 3 | 2 |
| Wood and bamboo work | ... | 5,710 | 2,338 | 547 | 604 | 6,257 | 2,942 | 9,199 | ... | ... | ... | ... |
| Leather-ware | 324 | 822 | 162 | 41 | 6 | 863 | 168 | 1,031 | 1 3 | 5½ | 4 | 3 |
| Feather-ware | 299 | 893 | 1,065 | 106 | 219 | 999 | 1,284 | 2,283 | 1 1⅜ | 6 | 4 | 3 |
| Matting and straw-braids | 285 | 895 | 7,351 | 311 | 5,032 | 1,206 | 12,383 | 13,589 | 7 | 4 | 2 | 2 |
| Stone-ware | 308 | 256 | 21 | 89 | ... | 345 | 21 | 366 | 1 4½ | 5 | 7 | ... |
| Lacquer-ware | 319 | 259 | 29 | 31 | 3 | 290 | 32 | 322 | 10½ | 4½ | 4 | 3 |
| Miscellaneous | ... | 3,951 | 3,796 | 402 | 448 | 4,353 | 4,244 | 8,597 | ... | ... | ... | ... |
| | Total | 22,843 | 16,878 | 3,401 | 7,054 | 26,244 | 23,932 | 50,176 | | | | |
| **Special Factories—** | | | | | | | | | | | | |
| Electrical industry | 365 | 974 | 2 | ... | ... | 974 | 2 | 976 | 11½ | 7 | ... | ... |
| Metal-refineries | 313 | 49,085 | 8,363 | 840 | 323 | 49,925 | 8,686 | 58,611 | 11 | 5 | 4 | 3 |
| Coal | 292 | 5,975 | 331 | 74 | 42 | 6,049 | 373 | 6,422 | 1 2 | 6 | 6 | 4 |
| | Total | 56,034 | 8,696 | 914 | 365 | 56,948 | 9,061 | 66,009 | | | | |
| **Grand Total** | ... | 230,069 | 328,359 | 12,875 | 40,874 | 242,944 | 369,233 | 612,177 | ... | ... | ... | ... |

Europe or America. While in the meantime she will gain to a large extent in consequence of her cheap labour, it must not be imagined that her path of progress will be free from all obstacles of a serious nature. The shortage of skilled labour in the country alone presents a serious problem.

Again, one of the principal reasons why Japanese manufactures are sometimes of very inferior quality, is to be found in the inexperience of the workmen. These defects, however, time will remedy. If the theory, often advanced, that two Japanese workmen are only equal in productive capacity to one white workman is accepted, it must still be borne in mind that for many years to come Japan, owing to her cheap labour, will remain in a position to place goods upon the Far Eastern market, which, after every allowance has been made for inferiority of quality and workmanship, will still possess a distinct advantage over the goods of foreign rivals in the all-important matter of price. Before, however, any definite opinion can be formed in regard to the future of labour in Japan, other difficulties which have already been made evident, and which are increasing to an alarming extent, must be taken into consideration. The more democratic section of the Press is beginning to draw attention to the wide gulf which divides capital from labour, employment is organising on the lines, though necessarily not yet on the scale, of Western trade unions, and sporadic agitation, and even strikes are not infrequent. It is true that the apologists of Japan have attributed the causes of these violent labour disturbances to trivial matters, as, for example, personal grievance directed towards incompetency in management; but the fact is significant that pacification has always been accompanied by a general increase in wages, and by an improvement in the conditions of the worker. At present the country enjoys an immunity from organised strikes such as, from time to time, paralyse the trades and industries of Europe and America. It is the calm before the storm. Labour is becoming articulate, and the day is approaching when not all the stern commands of Imperial Ordinances or the coercion of the Executive will force the people to hold their peace in the presence of injustice. It is transparent, even to the most superficial observer, that on humane grounds alone there is

ample room for the improvement of the lot of the Japanese working classes.

The table on pages 828 and 829, derived from official sources, shows how large a part female and child labour play in the industrial activities of Japan.

The highest wage given in these tables is that received by stone-ware operatives, which works out at less than ten shillings per week of seven days. That the amount of female labour, both child and adult, largely exceeds that of male labour is sufficiently indicative of the strict economy with which Japanese factories and workshops are conducted.[1] Many thousands of children of both sexes, below fourteen years of age, are engaged, while a large number of children under ten years of age are also employed. That the evils attendant on child labour in Japan call for an immediate remedy, was shown clearly in a recent article contributed to *The Times* by a special correspondent, who stated that the primary school education, though compulsory, could not well be enforced in the case of children in factories, and that consequently "the moral standard of these little workers is become lowered, threatening an ultimate general deterioration of the working class." The table on the next page, which was prepared as a result of an investigation confined to a few of the principal factories, is illuminating.

The hours of employment which the operatives, including children, are compelled to work, reveal a state of affairs disgraceful to any country having the least pretensions to civilisation. The average working day in Tōkyō consists of no less than eleven hours, while in not a few establishments the working day extends to twelve, thirteen, fourteen, and even fifteen hours. In Ōsaka, the Manchester of Japan, the conditions are no better than those which prevail in the capital. In one instance—a printing establishment—the maximum working hours are given as sixteen! In the cotton-spinning factories the operatives work twelve hours per day, with three brief intervals for meals—fifteen minutes at 9 A.M., and again

[1] A recent return shows that in 10,502 factories 73 per cent. of the labour is female, and of child-labour 77 per cent. is female. It is estimated that nearly 60 per cent. of the factory employees throughout Japan consists of girls between the ages of thirteen and twenty.

| Kind of Factories. | Ages of Employees—Males. | | | | Total. | Ages of Employees—Female. | | | | Total. | Grand Total. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Below 10 years. | Below 14 years. | Below 20 years. | Over 20 years. | | Below 10 years. | Below 14 years. | Below 20 years. | Over 20 years. | | |
| Raw silk factories . . . | 3 | 56 | 293 | 949 | 1301 | 150 | 2440 | 7606 | 5232 | 15,428 | 16,729 |
| Cotton-spinning factories . | 26 | 107 | 282 | 907 | 1322 | 44 | 497 | 2129 | 1890 | 4,560 | 5,882 |
| Weaving factories . . . | 10 | 364 | 2780 | 4521 | 7675 | 671 | 6788 | 22,313 | 27,353 | 57,125 | 64,800 |
| Carpet factories . . . . | 279 | 1095 | 984 | 79 | 2437 | 653 | 2544 | 3077 | 303 | 6,577 | 9,014 |
| Shipbuilding, carriages . | ... | 62 | 730 | 6837 | 7629 | ... | ... | ... | ... | ... | 7,629 |
| Metal articles . . . . | ... | 23 | 167 | 475 | 665 | 2 | 28 | 87 | 140 | 257 | 922 |
| Glass . . . . . | 278 | 1199 | 1656 | 816 | 3949 | ... | ... | ... | 11 | 11 | 3,960 |
| Matches . . . . . | 129 | 299 | 565 | 921 | 1914 | 180 | 814 | 1964 | 2452 | 5,410 | 7,324 |
| Tobacco . . . . . | | 9 | 72 | 703 | 784 | 5 | 329 | 2159 | 2465 | 4,958 | 5,742 |
| Printing . . . . . | 4 | 292 | 766 | 1683 | 2735 | 6 | 186 | 238 | 73 | 503 | 3,238 |
| Others . . . . . | ... | 90 | 357 | 783 | 1230 | 17 | 436 | 824 | 924 | 2,201 | 3,431 |

at 3 P.M., and twenty minutes at noon. Hand-weavers work from sunrise to sunset. In some localities when labour is urgently needed, in order that full advantage may be taken of the season, the working day extends to sixteen or seventeen hours, and no holidays are given. As a rule, in all industries the day and night shifts are changed either weekly or at the end of every ten days, and advantage is then taken of the opportunity to give any holidays which may be due.

Nowhere is the pitiable status of Japanese women more clearly exemplified than in the industrial life of the country. In order to supply the mills and factories with operatives, thousands of girls and young women are contracted for at prices varying from fourpence to sevenpence per day, out of which sum they are obliged to spend 2¼d. in providing their own meals. "Thousands of young girls," writes *The Times* correspondent already quoted, "are still contracting for three years to live in a 'compound' like so many peas in a pod, and to work in the mills for twelve hours per day one week, and twelve hours per night the next;" then, referring to the "compounds," he adds, "Some are comfortable . . . whilst others are bad, and the houses where these hard-working, cheerful little creatures eat, sleep, and work, are damp, comfortless, and forlorn. The places where the food is served are little better than sheds with leaking roofs and gaping walls, while pools of water accumulate on the earthen floor. The seats of these operatives are four-inch bare boards, and the tables two ten-inch boards nailed together. Their sleeping quarters are a trifle better; the floors are covered with matting upon which they sleep in rows, 50 or even 100 in a room. . . . On account of the low wages of minors and women, and also because of their being less troublesome in management, there is a constantly growing demand for women and child workers. The injurious effects of overwork and of other unsanitary circumstances, especially the night-work, endanger both their mental and their physical health. . . . In small and badly-managed factories, life, it is said, is becoming so intolerable that experienced female hands would leave if they could. In others, ill-health and premature death not infrequently remove operatives who are satisfied and who wish to retain their places." With few exceptions, the position and daily life of

these dormitory operatives is described as being pitiable in the extreme.

The following specially prepared table, compiled from returns obtained from factories in each Prefecture, will show the hours of labour and of rest throughout the Empire :—

| Kind of Factories. | Working Hours. | | | | Resting Hours. | | | | Monthly Resting Days. | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Maximum. | | Minimum. | | Maximum. | | Minimum. | | Max. | Min. |
| | Hrs. | Mins. | Hrs. | Mins. | Hrs. | Mins. | Hrs. | Mins. | | |
| Silk-reeling | 15 | 0 | 9 | 0 | 1 | 15 | 0 | 20 | 3 | ... |
| Cotton-spinning | 18 | 0 | 12 | 0 | 1 | 10 | 0 | 35 | 1 day per week | 2 |
| Hand-weaving | 17 | 0 | 12 | 0 | 2 | 0 | 1 | 0 | 2 | ... |
| Weaving | 12 | 0 | ... | | 1 | 0 | 0 | 30 | 1 day per week | 2 |
| Cord and ribbon making | 12 | 0 | ... | | 0 | 30 | ... | | 2 | ... |
| Machine and implements | 12 | 0 | 10 | 0 | 0 | 40 | 0 | 10 | 2 | 1 |
| Shipbuilding | 10 | 30 | ... | | 0 | 30 | ... | | Every Sunday | ... |
| Glass | 12 | 0 | 9 | 0 | 1 | 0 | 0 | 30 | 3 | ... |
| Cement | 12 | 0 | 10 | 0 | 1 | 0 | 0 | 30 | 2 | ... |
| Brick | 12 | 0 | ... | | 0 | 30 | ... | | 2 | ... |
| Paper mills | 12 | 0 | 10 | 0 | 1 | 0 | 0 | 10 | 3 | 2 |
| Dyeing | 15 | 0 | 11 | 30 | 1 | 40 | 1 | 0 | 2 | ... |
| Leather | 12 | 0 | 9 | 30 | 1 | 10 | 0 | 30 | 2 | ... |
| Matches | 13 | 0 | 10 | 0 | 1 | 0 | ... | | 2 | ... |
| Artificial manure | 12 | 0 | 10 | 0 | 0 | 30 | ... | | 2 | ... |
| Drugs | 12 | 0 | 9 | 0 | 1 | 30 | 0 | 30 | 2 | ... |
| Oil | 12 | 0 | 10 | 0 | 1 | 30 | 0 | 30 | Every Sunday | 2 |
| Beer breweries | 12 | 0 | 10 | 0 | 1 | 0 | 0 | 30 | 2 | ... |
| Sugar refineries | 12 | 0 | ... | | 2 | 0 | ... | | 2 | ... |
| Tobacco | 12 | 0 | 10 | 0 | 1 | 0 | 0 | 30 | 4 | 2 |
| Flour | 11 | 30 | ... | | 0 | 30 | ... | | 2 | ... |
| Printing | 10 | 0 | 9 | 30 | 0 | 30 | ... | | 2 | ... |
| Lumber | 12 | 0 | ... | | 0 | 30 | ... | | 2 | ... |
| Match stakes | 12 | 0 | 10 | 0 | 1 | 0 | 0 | 30 | 2 | ... |
| Hats | 10 | 30 | 9 | 30 | 1 | 30 | 0 | 30 | 2 | ... |
| Ropes | 12 | 0 | ... | | 0 | 30 | ... | | 2 | ... |
| Brushes | 11 | 0 | ... | | 0 | 30 | ... | | 4 | ... |
| Electrical | 12 | 0 | 10 | 0 | 0 | 30 | ... | | 4 | 2 |
| Metal refineries | 12 | 0 | 10 | 0 | 0 | 30 | ... | | 1 | ... |

Some of the large cotton-spinning factories provide boarding-houses for their operatives, but employees are expected to contribute a small sum towards the cost of

their food. In many instances, however, the conditions that prevail amount to systematised slavery. "Even in Tōkyō"—I am quoting from a Japanese source, an article written in 1908, in a magazine called the *Murasaki*—"there are some questionable factories that make no provision for the poor girls who work there. In the country districts there are some very pitiful cases. In places remote from police stations, there are girls who have to work like horses and get not a cent in payment. In the spring of last year two girls who had escaped from a factory in Saitama Ken, were found wandering about in Tōkyō. When questioned at the Shiba police station, it was ascertained that they had been compelled to work several years without any payment, and with the poorest kind of food. There appear to be many such pitiful cases. It is very necessary that some kind of moral (as well as material) help and consolation should be provided for these girls, who have to slave from morning till night."

The masses of working people in Japan, as elsewhere, constitute the lowest class of respectable society; but in Japan the influence of that feudalism which labelled a large section of the community "non-humans," has by no means disappeared. The attitude of the Government towards labour has been one of cynical indifference. Under the *régime* of the Restoration it has been content to perpetuate the conditions of serfdom which prevailed in the days of the Shōgunate. Latter-day civilisation has refined the torture of slavery in Japan, but it has not led to its abolition. Social reform has been sacrificed to the raising of armaments. Social reform would have meant shorter hours for the working classes. These in turn would have led to a diminution in manufactures, and, most significant of all, to a decline in the Treasury funds. The makers of modern Japan, believing, as they have always done, that the means justifies the end, are seeking to postpone as long as possible the day when humane considerations shall govern the employment of labour. In one important sense their policy is shortsighted. Japan has already lost thousands of lives on the battlefield, yet she is now shortening the lives of many thousands more of her people in the struggle for industrial supremacy in the Far East. For many years factory

legislation has been discussed, but it has only been within the past few months that a measure was actually placed upon the statute book. A strong party in the Diet, representative of the capitalist section of the community, have consistently opposed any attempt at the amelioration of the infamous conditions which governed the lives of the working classes. Again and again foreign critics have drawn attention to the system of slavery that has so long prevailed in the industrial world; and it is due alone to their persistent propaganda that at last they had made their voices heard above the chorus of romancists who have pictured Japan as a land where the happy lives of the masses are in keeping with its beautiful scenery and picturesque customs. The new law is a reluctant surrender to foreign criticism. Although the text has not yet reached this country, a summary shows that the problem has been dealt with in a very superficial manner. Restrictions are placed upon the employment of children under twelve years of age. The working day of all females and boys under sixteen years of age is fixed at twelve hours, between 4 A.M. and 10 P.M., the working week consisting, as in all classes of labour in Japan, of seven full days. Under the new Act females and youths are to be given two days' holiday per month. That such provisions should be regarded as in the nature of serious reform, and that they should have constituted the subject of prolonged contention, are facts which combine to make a striking and significant commentary upon the state of affairs existing in the past.

The Government recognises that, if during the next ten years Japan is to maintain her national solvency, she cannot afford to allow her labouring classes to work less than twelve hours a day, or less than three hundred and forty-one days in the year, excluding national holidays. In other words, apart from excessively long hours in the working day, the Japanese labourer, as compared with the English labourer, toils throughout an additional month in the working year. Meanwhile, as already stated at the beginning of this chapter, labour shows a disposition to take the law into its own hands. Of late frequent disturbances have occurred, involving considerable injury to life and damage to property. During these disturbances, that reckless regard for consequences which,

when displayed with such admirable effect on the blood-stained plains of Manchuria, excited the admiration of foreign observers, and which the Japanese themselves attributed to the sublime influence of *Bushido*, has been much in evidence. In view of recent events, the labour question calls for the serious consideration of any foreign capitalist who may desire to invest money in Japan. Obviously it is a question which must be dealt with satisfactorily before it can be said that security of property is assured. Three years ago (1909), the Japanese workmen engaged by the Oriental Timber Company, a concern having for its president a foreigner, and employing a staff of eight foreigners, had certain grievances in regard to their wages. The following account of the procedure they adopted was given by an eye-witness, M. Wexberg, an Austrian employee of the company, and is taken from the *Japan Herald*:—

"The workers interviewed Mr. Jimaki, the Japanese manager, but what passed between him and the men is not known to Mr. Wexberg. In a very short time a disturbance ensued, and the office building was totally wrecked, the box containing the office books being broken, and the safe so badly damaged as to render its opening impossible. The men afterwards proceeded to the house of Mr. Jimaki, the manager, and totally wrecked both the building and furniture. While the men were engaged in the destruction of Mr. Jimaki's house, the foreigners and the Japanese office staff fled in all directions to the hills. One Japanese was injured by a stone thrown by the mob. Having wrecked the office building and the house of the Japanese manager, the men turned their attention to the sawmills, and destroyed everything possible, meanwhile stones being thrown in all directions. Parts of machinery and the small cars of a light railroad used for the transport of timber, were thrown into the river; in fact, everything that it was possible to destroy was not allowed to escape destruction. Not satisfied with this, the men attacked the house of Mr. Martin, who, with his wife and two small children, had already escaped to the mountains. Here the building was wrecked, and all the contents, including children's clothing, Mrs. Martin's jewellery, and other valuables, were stolen. From here the men pro-

ceeded to the house of Mr. Patin, the foreign manager, which was also totally wrecked, the only building left untouched being the residences of Mr. Wexberg and of the two English foremen, and a number of Japanese houses. By about five o'clock, the men, having completed their work of destruction, disappeared. Just at this time a number of men engaged as charcoal-burners returned from the mountains, and protected the remainder of the property from further attack. During the evening a policeman from Kabuto arrived on the scene, and was later joined by four other members of the force from a town some miles distant. The loss sustained by the company, Mr. Wexberg says, is very great, and it will certainly take some months to repair the whole damage and get the mills in working order again."

The case of the Oriental Timber Company was not an isolated one. In several instances, strikers, armed to the teeth, with rifles, revolvers, and swords, have attacked property; bombs have been thrown, and dynamite and other explosives used. At the Ashio copper-mine the men extinguished the lights in the pit, telegraph lines were severed, watch-houses were blown up, eight hundred and thirty dwellings were razed to the ground, and a strong force of police and troops was requisitioned to quell the riot. At the Besshi copper-mine the strikers employed similar tactics. Breaking into a warehouse, they stole a large quantity of dynamite, with which they blew up a number of buildings in the neighbourhood of the mine. Armed with rifles, revolvers, and bombs, they offered a stout resistance to the police. Tramways and telegraphic and telephonic lines were destroyed, and the presence of troops was needed to restore order. It is evident that the Japanese workers, when infuriated, stop short of nothing, and that at such times, all the crimes which go to make anarchy—assassination, incendiarism, and plunder—are committed by them. Not only has private enterprise suffered heavily in consequence, but, with discontent rife in dockyards and arsenals, the urgent necessity for some improvement in the lot of their employees has been forcibly brought home to the Government. An instance is on record where thirty-four nurses, dissatisfied with their treatment in a hospital, suddenly went on strike, leaving the patients with-

out attention of any kind whatever. I have only given a few illustrations of the widespread dissatisfaction which exists among all class of labour. On this subject, as on many others relating to our ally, we have been woefully misinformed. Japan has been pictured as a land of happy, law-abiding people, a land where self-immolation was the dominant characteristic of the race. I have shown that in reality Japan is a land upon which the burden of toil rests heavily.

The people are demanding that they shall be given some share in the privileges and blessings of Western civilisation. Hitherto, by virtue of a law which, in a general way, has for its object the preservation of peace, the police have been able to apply to labour troubles the methods of suppression. In some cases, leaders have been arrested and thrown into prison while discontent was still smouldering, and before a strike had time to mature; in others the police have intervened and acted as arbitrators. The day is at hand, however, when the workers will insist that their conditions shall be defined by law, and when recognition of grievances will take the place of suppression. The longer inaction on the part of the Government continues, the worse will be the ultimate effect upon the welfare of the country. In the meantime manufactures may increase and budgets may balance. But these things can only come about at the expense of the vitality of the people, and, therefore, of the stability of the nation.

# BOOK V

## JAPAN—ECONOMIC, FINANCIAL, AND INDUSTRIAL

# XXXV

## JAPAN'S WAR FINANCES

THE power and position of a nation may be gauged with approximate accuracy by an investigation based on sufficiently comprehensive data relating to its military forces, its institutions, and its ethical conceptions and practices. Thus the soldier, the historian, and the missionary can each claim a competency to measure the standard of advancement attained by the particular country or countries to which he has directed his studies. But for the practical and all-important purpose of ascertaining clearly the exact status of a nation, its present material strength, and its immediate potentialities, no surer way to enlightenment lies open than that which leads to its sources of wealth. Nor, if ultimate truth be the quest, should research be allowed to cease here. Having discovered the mainspring of national vitality we must trace the course of that national vitality to the uttermost limits of its influence; observe the manner in which it is utilised and measure the degree in which it is husbanded; and finally we must ascertain to what extent its benefits are interchanged with those which other countries are able to bestow, and so determine the relative value of such interchange. We must, in short, learn all there is to be learnt of the natural resources, the economic systems, and the trade and commerce of a country before we can form any proper estimate of the power and position of that country. In dealing thus with the material, or economic, aspects as presented by Japan to-day, it is the writer's intention to proceed first of all with her system of finance, for the reason that herein is to be found an unerring index of her stability as a nation and of her positive status as a world Power. With this object in view, and bearing in mind the comparative insignificance which marked Japan's position among the nations until within recent years,

it becomes unnecessary to conduct an examination into her finance at an earlier period than that of the late war.

For the purposes of finance the period of the Russo-Japanese War was treated as one financial year, and the accounts in this connection were kept separate from the general revenue and expenditure. Whenever necessity arose, the Minister of Finance, after consultation with the Minister of War or the Minister of the Navy, as the case might be, made disbursements under Imperial sanction. Official records show that the amount actually received into the special account for the Extraordinary War Expenses under this scheme from February 1904 to July 1907 reached £176,295,165, and was made up as follows :—

| | £ |
|---|---|
| Amounts raised by Public Loans and Exchequer Bonds | 145,313,546 |
| Amounts diverted from the General Account | 18,685,406 |
| Amounts transferred from the Funds under Special Accounts | 7,099,279 |
| Voluntary Contributions to the War Fund | 238,771 |
| Proceeds of Sale of Government Property | 1,933,284 |
| Receipts from Transportation | 1,014,907 |
| Special Receipts | 360,159 |
| Miscellaneous Receipts | 1,649,813 |
| Total | £176,295,165 |

The amounts diverted from the General Account include the receipts from the Extraordinary Special Taxes and the surplus from the Annual Revenues. The principal item in the miscellaneous receipts was the interest accruing from the employment of specie appertaining to the Extraordinary War Expenses. The amount disbursed from October 1903 to June 1907 reached £154,556,613, leaving a balance of £21,797,102.

As I have stated, the receipts and disbursements of the Extraordinary War Expenses were specially adjusted apart from the general revenues and expenditures; but when, after restoration of peace, the keeping of accounts relative to the war approached completion, the special account was closed on March 31, 1907, and on October 31 of the same year the

surplus of £21,797,102 was diverted into the revenue under the General Account for the financial year 1907-8, thereby concluding all accounts relative to the war.

While the campaign lasted, £140,000,000 in round figures was expended for the purposes of war, a total which works out at about a quarter of a million sterling daily. When the special account was closed, a sum of £154,556,613 was shown to have been disbursed in connection with war; but, according to the leading financial authorities in Japan, before every item of expenditure that could be directly attributed to the campaign had been defrayed this total reached £200,000,000. Dealing with the special account for the Extraordinary War Expenses, it will be seen that 82 per cent. of the amount realised was obtained by means of loans. The total amount raised internally for the purposes of war approximated £68,000,000, and was derived as follows:—

*Exchequer Bonds.*

| Issue. | Month of Issue. | Amount of Issue. | Price of Issue. | Rate of Interest. | Period of Redemption. |
|---|---|---|---|---|---|
| | | £ | Per face-value £100. | Per Cent. | |
| First . . | Feb. 1904 | 10,000,000 | £ 95 | 5 | Ending at the end of 1908 |
| Second . | May ,, | 10,000,000 | ,, 92 | 5 | ,, ,, ,, 1910 |
| Third . . | Nov. ,, | 8,000,000 | ,, 92 | 5 | ,, ,, ,, 1911 |
| Fourth . . | Mar. 1905 | 10,000,000 | ,, 90 | 6 | Ending in August 1912 |
| Fifth . . | April ,, | 10,000,000 | ,, 90 | 6 | ,, ,, October 1912 |

In addition, the Extraordinary Military Expenditures Loan of £20,451,869 bearing the title of "Special Imperial Japanese Government 5 per cent. Loan" was issued in the domestic market in 1906 to meet part of the supplementary war expenditures. The issue-price was *yen* 95 per face-value *yen* 100, and the period of redemption twenty-five years after the lapse of the first five years during which it was to remain unpaid. Other loan bonds, granted in lieu of cash as rewards for distinguished services during the war, amounted at the end of March 1909 to £11,342,354.

The total amount raised abroad for the purposes of war was £130,000,000, altogether six series of sterling loans being floated. The terms of the first two of these were somewhat disappointing. The interest was at the rate of 6 per cent.,

the issue prices were £93, 10s. and £90, 10s. respectively, and the security of the Customs Duties was insisted upon. The third sterling loan was negotiated under more advantageous circumstances, for in the meantime the Japanese forces had proved their superiority in the field, and the Government had organised the Tobacco Monopoly, the receipts of which were accepted as security. On this occasion the rate of interest demanded was only 4½ per cent., the issue price being £90. So far, London and New York had shared in Japan's war finance; but a few months later, when another loan was successfully concluded on terms similar to the previous issue, a large portion was placed in Germany. When a further loan, at 90, was offered several months after the declaration of peace, it was evident that the credit of Japan had improved considerably, for London, Paris, New York, and Germany all participated; the rate of interest was 4 per cent., and no material security was required. The money thus obtained was used in redeeming the fourth and fifth 6 per cent. Exchequer Bonds. When, in March 1907, Japan again sought to raise a loan, she found that the conditions abroad were not so favourable. This circumstance was due not only to the financial stringency that existed in the Western money markets, but also to a feeling abroad that Japan was trespassing upon her credit, and that her management of *post-bellum* affairs was not altogether satisfactory. Only London and Paris subscribed to the loan, which was issued at £99, 10s., and the rate of interest exacted was 5 per cent. With the money obtained the 6 per cent. sterling war loans were redeemed. Consequently the mortgage on the Customs revenue, the existence of which had been intensely disliked throughout the land, was removed within three years of its imposition.

In addition to loans, the Government also sought to raise money for the purposes of war by means of taxation. In 1904 various taxes, the principal of which was the Land Tax, were increased, and a Consumption Tax was placed on woollen textiles and kerosene oil. The Tobacco Manufacture Monopoly also was organised. From these sources the sum of £6,400,000 was obtained. Subsequently the consumption tax on kerosene oil was abolished. In the following year the

Government was again compelled to resort to increased taxation, and a tax on all tickets taken by travellers on railways, electric cars, and steamboats, producing £220,000, a succession tax producing £65,000, and a stamp tax upon cheques were created. At the same time the Salt Monopoly was introduced. The amount derived from these sources approximated £14,450,000, and this, when added to the sum obtained as a result of the special taxation scheme of the previous year, gave a total of £20,850,000. Exactly what proportion of the amount raised from special taxation, during the years 1904–5, is included in the special account for extraordinary war expenses quoted earlier in this chapter does not appear. Assuming that the whole amount was included, it would have constituted only 11.8 per cent. of the total raised to defray the expenses of the campaign. In consequence of the war national taxation increased from six to ten shillings *per capita*.

As an indication of the capacity of the nation to bear the burden, the Finance Department made the following statement in 1905 :—

"Since April last year, the rate of local taxation has been restricted by the same tax law; and, moreover, in view of the present situation, municipal authorities have been making every effort to curtail local expenditure by postponing the comparatively less important among the various public undertakings. Hence the local taxes, which were formerly almost equal in amount to the national imposts, have been greatly reduced, with the result that the increase of the burden on the nation is not really so heavy as might be inferred from the increased rate of taxation. The nation as a whole has besides been imbued with a high spirit of patriotism and is practising great economy; and at the same time the agricultural classes, which form a large majority of the population of this country, had their wealth materially augmented by the abundant rice harvest of last year. The nation appears, under these circumstances, to pay taxes, even more promptly than in time of peace; and far from being affected by the special war taxes the people seem to have plenty of capital at their disposal, as is evident from the increase in the various savings deposits and the large amount of subscription for the internal loans."

In the light of subsequent events the official view of the national resources would appear to have been unduly optimistic. The fact that only a small proportion of the expenditure required for war—at the most 12 per cent.—was raised by increased taxation was in itself significant of the impoverished state of the country. When, after the conclusion of peace, it was found necessary to continue the war taxes, and in the matter of indirect taxation to effect a slight increase, there was a widespread feeling of discontent throughout the land. European authorities have frequently applauded the Government for obtaining the money necessary to defray the war expenses by means of foreign loans, and thus leaving internal conditions as little disturbed as possible. As a matter of fact there was no other alternative. A further increase in taxation would have imposed an exceedingly heavy burden upon the nation, and would consequently have been economically unsound. That as much money as possible was derived from internal loans was clear from the circumstances which attended the *post-bellum* issue, approximating £20,450,000, of 1906. Although for obvious reasons the Japanese newspapers represented that the loan was nearly twice subscribed, I ascertained from reliable sources that this was by no means the case. The following were the actual details concerning the subscription:

| | £ |
|---|---|
| Subscriptions above minimum of 95 | 46,778 |
| Subscriptions above minimum of 95 in exchange for 4th and 5th series Exchequer Bonds | 36,381 |
| Subscriptions at 95 in exchange for 4th and 5th series Exchequer Bonds | 154,267 |
| Subscriptions at 95 by the Public | 5,852,534 |
| | 6,089,960 |
| Subscriptions before the opening of the list | 13,677,860[1] |
| | 19,767,820 |

Only one foreign house submitted an application, the amount being £20,485. In addition to the items mentioned above, there should be added a number of applications received by

[1] This item includes £4,097,000 Imperial Household; £4,097,000 Bank of Japan; £5,176,585 other banks in Japan.

mail from the country, which brought the amount subscribed to the total required. It is difficult to imagine how the Imperial Household and the Bank of Japan could hold four millions sterling each, or how the other banks of Japan could retain among them so large a sum as upwards of five millions sterling. In order to ensure the full subscription of the loan, the Government had no doubt exerted their influence in the various directions indicated. The banks certainly applied for much more than they expected to obtain, and were no doubt disagreeably surprised when full allotments were made in their favour. This fact was amply substantiated when, in anticipation of being unable to hold that which they expected to receive, they offered their whole commission, nearly one per cent., and further a reduction of one-half per cent. as an inducement to foreign financiers and others to take up large portions of the loan. That the issue was attended with anything but successful results and that it indicated the impoverishment of internal resources, was clearly demonstrated when, in 1908, at least two leading banks sought financial assistance from the London and Paris markets on the security of large holdings in the Domestic Loan, which by this time had depreciated to eighty-eight.

It is extremely doubtful whether Japan could have succeeded in financing a continuance of the war towards the end of 1905 by means of new loans raised in foreign countries. For it was generally recognised that, to make any proposals in Western money-markets attractive, she would have been compelled to offer exceptional terms. In view of the fact that, hitherto, victory in the field had materially improved her credit abroad, the prospect was not altogether congenial from the point of view of those who were responsible for her finance. Moreover, it was known in Europe that for the first time in the progress of the campaign the Russian army was equal in numbers and in equipment to the Japanese forces, and that the result of any further engagement that might be fought was exceedingly problematical. That the Japanese were becoming exhausted not only in resources but also in men, and that their line of communications had become more and more extended, thereby increasing the difficulties of advance, were also factors not overlooked by the astute

financiers of the West. Thus for all practical purposes Japan had reached the limit of her borrowing capacity.

The period immediately following the restoration of peace, when it might have been expected that the fruits of victory would add to her financial prestige, saw no improvement in Japan's credit abroad. Her policy of exclusion in Manchuria, together with the obstacles placed in the way of foreign capitalists seeking investments in the country itself, only tended to foster the suspicion that had already taken root in the West. It was realised that, in spite of the grandiose declarations she had made, both at the beginning and during the progress of the war, that her sole aim was the maintenance of the Open Door and the preservation of the integrity of China—declarations that had afforded excellent stimulus to her financial operations—Japan had virtually taken the place of Russia in the Far East; that, as far as political morality was concerned, she was no better than her late enemy; and that, in the matter of commercial morality, she was certainly worse than the much-abused Muscovite. Furthermore, the potentialities of her geographical proximity to China, of her cheap labour, and of her maritime facilities, were for the first time admitted to the domain of serious discussion. By common agreement it came to be recognised that Japan had obtained the maximum of money from foreign sources consistent with her status in the world, and that any money so obtained would inevitably lead to the development of commercial enterprise in dangerous competition with other nations in Far Eastern markets. Little wonder was it, therefore, that, for the second time, her borrowing capacity abroad received something of a check.

Thus the history of the past six years makes it possible to assert, without fear of contradiction, that Japan was forced to conclude peace owing to the fact that her power to raise money for the purposes of war had reached its limit.

Unfortunately no satisfactory details are available to show the actual financial position of Japan at the close of the war. The writer is therefore compelled to base his conclusions upon official estimates. In addition to the loans, both foreign and domestic, there were, as I have said, receipts from other sources, notably increased taxation, amounting in all to some

thirty-seven millions sterling. Although the actual naval and military expenditure was £110,000,000, it must not be forgotten that there were other items of expenditure in connection with the war. In fact, the total estimated expenditure from the beginning until the close of the campaign was upwards of one hundred and thirty-five millions sterling. The following table will convey some idea of war revenue and expenditure during the period of hostilities :—

| | |
|---|---|
| Amount of loans received . . . . . | £130,000,000 |
| Estimated receipts from other sources . . . | 37,000,000 |
| Total raised for war purposes . . . . | £167,000,000 |
| Estimated expenditure . . . . . | 135,000,000 |
| Balance . . . | £32,000,000 |

During the later stages of the war the expenditure on account of military and naval outlays alone was at the rate of over seven millions sterling per month. Moreover, there was every prospect that the cost of continuing the campaign would daily increase. Owing to the growth of the enemy's forces the number of men required was larger than at any period of the war. Armaments and supplies needed replenishing, and the extension of the lines of communication necessitated the provision of large quantities of additional rolling stock. Japan might have prolonged hostilities for a few months; but had she succeeded in doing so, her position would have dangerously bordered on bankruptcy.

**Post-Bellum Readjustment.**—The grand total of loans raised from the outbreak of war until the end of 1906 was £174,122,500. When loans raised for other purposes were added the National Debt stood at £215,000,000. In March of 1906 a Law was promulgated establishing a National Debt Consolidation Fund. Among other provisions it was set forth (1) that the Fund should be kept separate from the General Account; (2) that the money to be applied to the Fund should be transferred from the General Account for each financial year, but the annual amount of that portion of the money so transferred relating to national loans issued to meet the expenditures connected with the war with Russia and national loans issued for conversion thereof should not

fall below one hundred and ten million *yen* (£11,266,750); (3) that the Government may raise loans at low interest for the purposes of conversion, and pay off loan bonds at not less than face value. It was estimated that the redemption of all loans issued in connection with the war would be completed within about thirty years. At a later date, in order still further to expedite redemption, it was decided that, from the financial year 1909–10, at least fifty million *yen* (£5,121,250) should be annually transferred to the Sinking Fund for the repayment of principal, and that the surplus in the interest, caused by such repayment, should be devoted to redemption in the following year. By the 31st December 1909 the National Debt had been reduced to £211,712,475. To that total, however, it was necessary to add £53,056,150, the amount required for the purchase of private railways. The grand total of the National Debt was therefore £264,768,625, involving an annual payment in interest of £12,495,850.

Early in 1910 the Japanese Government began to put into operation its scheme for the conversion of Five per cent. loans into Four per cents., and, besides internal issues, loans were negotiated for this purpose on the London and Paris markets. In connection with the English issue the underwriters were left with 23 per cent. on their hands, and it was recorded that, for the first time, Japan had received a rebuff from the investing public of this country. The operation of the conversion scheme as a whole, however, proved to be decidedly profitable. While the National Debt was somewhat increased, an annual saving in interest was effected to the extent of £373,851. The net proceeds of the Conversion loans amounted to £53,107,362, made up as follows: £27,859,600 subscribed by means of the exchange of Five per cent. for Four per cent. stock, and £25,247,762 subscribed in cash. Of the total the Government applied £45,783,975 to redemption, and there was further available for this purpose the amount of the Sinking Fund, £8,450,062, of which £2,150,925 represented the sum brought forward from the previous financial year, and £6,227,440, the amount to be transferred from the General Account for that year. The total amount actually employed in redemption was £53,568,275.

The substitution of Four per cent. for Five per cent. loans had the effect of increasing the National Debt by £4,609,125. As, however, easy conditions prevailed in the money market in Japan, bondholders took advantage of the option to have their Five per cent. stock replaced by Four per cent. to such an extent that the Government found themselves with a cash balance in hand of £7,169,750, which, as soon as opportunity occurred, was to be employed in further redemption. They claimed, therefore, that when allowance had been made for the £4,609,125 by which the National Debt was increased the ultimate result of the whole operations was in reality a reduction of nearly three millions sterling in the country's obligations. It may be added that with the idea of expediting redemption, and at the same time bolstering up the national credit, the Government decided to apply ten million *yen* (£1,024,250) out of the Sinking Fund every year for the purchase of their own loan bonds in foreign markets.

# XXXVI

## THE PROBLEM OF THE ANNUAL BUDGET

THE inability of Japan to obtain an indemnity from Russia wrought disastrous effects upon her national finances. With the complete failure, in this respect, of her diplomacy at Portsmouth, a failure which robbed the fruits of victory of all their sweetness, there passed finally from the minds of a few optimistic statesmen a fond hope, and, of the deluded masses, a firm belief, that the dawn of a golden age was about to break over the stricken fortunes of the land. A very different future lay before them. Weighted with a gigantic load of debt, faced with an impoverished exchequer, and knowing not where to turn for relief, the Government of the day found themselves burdened with responsibilities and cares almost beyond their endurance. By tracing in outline the course of Japan's budgetary finance from the restoration of peace to the present time, it is my wish in this chapter to prepare the way for the conclusions to be drawn at a later stage.

It is, of course, common knowledge that the Government adopted the wise policy of spending within the country itself the maximum amount possible from the proceeds of the war loans; and there is no doubt that in this way a large sum was available for the partial relief of an acute crisis.

Moreover, not only was strict economy practised in State and local finance, but thrift among the people was encouraged. A number of communal works were started in commemoration of the war, and these invariably took the form of productive enterprises, which, though necessarily on a small scale, constituted an important factor in the economic education of the masses. On the restoration of peace, the banks held unprecedentedly large sums at interest, and for a considerable period there existed a boom similar to that which followed the war

with China. Between July 1905 and October 1906 new undertakings, aggregating fifty-six millions sterling of capital, were started. At that time the Government consulted the leading bankers with regard to the situation, and these authorities expressed the opinion that the state of affairs might be regarded with satisfaction from the point of view of national expansion. The first year after the restoration of peace (1906) closed in a period of unparalleled prosperity. The slackness in the circulation of money continued, and the rate of interest maintained a downward tendency. As a consequence, new enterprises sprang into existence on all sides, the stock market became more active than it had been hitherto, the prices of Securities rose higher and higher, and there was an improvement in prices generally. In addition there were large increases in bank deposits and postal savings, the amount of bills cleared reached an unprecedented figure, and for the first time for many years an excess of exports appeared in the foreign trade which, on the whole, was remarkably prosperous. During 1907, however, the boom began to reach dangerous dimensions. Flushed with triumph in the greatest campaign of modern history, the country indulged in an extravagant idea of the economic possibilities of its new status. The value of the predominant position gained in Korea and Manchuria was altogether overestimated. No longer content with a 5 per cent. interest on their deposits in the banks, the people eagerly sought new and more remunerative sources of investment. The inflow of foreign capital consequent upon the war loans had, for the time being, made money plentiful. With few exceptions the merchants throughout the land were seized with a speculative craze, and, neglecting their own businesses, which yielded steady though limited returns, they became the ready prey of the company promoter. In Japan, it should be mentioned, the company promoter, while quite as ingenious, is, if anything, less honest than the company promoter of the Western world. The laws that govern dealing in stocks and shares enable him to indulge, with considerable immunity, in sharp practice. Previous to the shares of a company being actually floated, the *Kenrikabu* (potential share), or document of title bearing with it the privilege of taking up the actual share when issued, becomes marketable,

and is often sold at a larger price than the original real share would command on its merits fully paid up. Consequently, after the war, a number of worthless undertakings were created, the principal object of the promoters being to sell at a premium shares that were then non-existent, without having the least regard to the future of any of these concerns. The nationalisation of the railways, which had taken place in March 1906, did not improve the financial situation; for the difficulty of finding sound investments was thus further accentuated by the closing of an important channel.

As soon as the banks realised that their advances were being used for speculative purposes they declined to make further accommodations, and even legitimate merchants experienced a difficulty in obtaining the necessary funds to carry on their businesses. Several banks, however, becoming seriously involved, were compelled to seek the assistance of the Bank of Japan; while a number of lesser importance closed their doors. Some satisfaction was found in the fact that certain petty institutions of doubtful stability were thus removed from the scene, but it is unlikely that this consolation was shared by the unhappy depositors. The panic in the United States and the depreciation of silver were additional factors of a disturbing nature. Numerous bubble companies that had been projected when stocks commanded high prices were dissolved, while the shares of many of the leading companies depreciated enormously. The situation was saved to some extent by an expansion in the resources of the agricultural classes consequent upon the success of the silk industry and the rice crop. Other encouraging features were the marked increase in bank deposits and postal savings and the growth of the export trade. That the *débâcle* was to some extent stayed was evident from the fact that at the end of 1907 the aggregate capital of newly established and enlarged companies amounted to £53,278,689, of which £20,491,803 was paid up. Consequently there was a gratifying increase in production. The report of the British Consul at Kobe concerning the period under review has a special significance.

"Foreign merchants seem to have good reason to complain," wrote this official, "that in periods such as these there is wanting in this country in a sufficient proportion that

section of the Japanese commercial public which remains unaffected by the possibilities of the share market. All seemed to go crazy over the chances of making money with little trouble and in some cases very little risk. Nevertheless, financial disasters in the end were more or less concentrated and not of very great consequence, and, whereas throughout the country there were failures here and there, a much more sober feeling prevailed during the second part of the year, bordering on almost unreasonable gloominess. The reaction was needlessly great; still, it has probably brought with it—and one much hopes to see this wish realised for the sake of this country and its financial obligations—a tendency to work to their fullest capacity such industrial and commercial undertakings as are already in full swing and doing well, instead of devising numberless schemes, some quite practicable, it is true, the principal object of which was to sell shares, which had not yet come into existence, at a premium, the ultimate fate of the undertaking being a matter of utter indifference—in most cases—to the promoters."

There was a disposition to blame the Government for the prevailing depression. In order, therefore, to give an adequate idea of the course of *post-bellum* national finance, it is necessary to review the policy that was adopted by the Saionji Cabinet. In March 1906 a Bill was approved by the Diet, providing that the annual amount of money to be transferred from the General Account to the National Debt Redemption Fund, in connection with the loans issued to meet the expenditure of the war with Russia and of the conversion loans, must not fall below £11,250,000. Under this scheme the redemption was to be completed in about thirty years. The people confidently believed that at last they were to enjoy the long promised remission of special taxation imposed to meet the war expenditure. But the Budget for 1907–8, presented to the Diet in January of the former year, instead of revealing measures of economy, showed an enormous expansion which, so far from rendering the reduction of taxation possible, called for new sources of revenue. An outlay of nearly £11,000,000 on account of the expansion and restoration of armaments was included as a first instalment of a programme involving a total expenditure of no less than £43,000,000 for military

and naval purposes to be spread over thirteen years.[1] Another large item was £6,650,000 for productive purposes, and this was also the first disbursement of a programme involving an expenditure of £31,000,000 to be spread over a period of thirteen years. Altogether the amount required for the Budget was £11,500,000 in excess of the previous year. To meet the additional expenditure the Government decided to adopt the simple means of transferring £10,250,000 from the surplus of the special account for the Extraordinary War Expenses. Events proved, however, that the revenue for the year was much larger than the sum originally estimated. To begin with there was a gratifying increase in the national receipts, and, moreover, the whole of the surplus from the war expenses amounting to £21,797,102 as well as a sum of £4,860,186, representing the repayment by Russia of the cost of maintaining the prisoners of war, became available. These circumstances, together with the fact that a number of productive works were postponed, provided an enormous surplus for the following year, amounting to £26,000,000.

The addition of this enormous surplus to the year's revenue (1908–9) was not sufficient to meet the expenditure which had already been considerably expanded by reason of the large annual contributions required towards the ambitious programme of armaments and productive enterprises originated in the preceding year. The conclusion was forced upon the critics of Japan's financial policy that these plans would have to be readjusted, so as to afford relief by extending the number of years over which they were to mature. It was feared, and eventually proved to be the case, that even were a precaution of this kind adopted within reasonable limits there would inevitably occur a deficit to be met out of increased taxation. Naturally anxiety was not diminished when it was recognised that this enormous surplus, derived as it was from special sources, might not be available in succeeding years. Although giving no satisfactory assurance as to the manner in which they intended to meet the obligations that were to be incurred, the Ministry, reluctant to reduce their estimates, stubbornly maintained their position.

[1] The Constitution of Japan allows the Government to ask the approval of the Diet for continuing expenditures in connection with programmes spread over a number of years.

In all the circumstances it is not surprising that a grave financial crisis was precipitated. The people vigorously protested against any suggestion that taxation should be increased, while the naval and military departments were insistent in their demands for large appropriations. The Elder Statesmen strongly advised the Cabinet to effect retrenchment, and eventually a compromise was arrived at on the basis that the postponement of expenditures on account of the army and navy during the next six years should amount to £9,400,000, while the postponement on account of productive enterprises during the same period should total £1,280,000. Thus the ambitious programme of *post-bellum* expansion, drawn up in the previous year by the Cabinet, was merely readjusted but not in any way curtailed. In the Budget for the financial year of 1908–9, the reduction in expenditure amounted to nearly three millions sterling. That the saving in the matter of armaments was more apparent than real was conclusively proved by the fact that while in the estimates the extraordinary expenditure for the army and navy decreased by £2,400,000, the ordinary expenditure in connection with these departments increased by £1,800,000. The economy effected in the army and navy, therefore, amounted to only a little over half a million sterling. For the rest, the retrenchment was mainly effected on productive works. In spite of the diminution in expenditure, however, there was a considerable deficit which was met by an increase in indirect taxation. It could not be denied that the financial position of Japan bordered on the precarious. The military and naval authorities appeared to hold a predominant influence in the control of the national purse. Enormous sums had already been spent, not only in replenishing but in increasing the armaments of the country, for it must be remembered that not only did the Budgets make provision for large appropriations on these accounts, but a considerable sum from the war loans had been devoted to the same objects.

After full allowance has been made for legitimate expansion, the natural outcome of a victorious war, it must be conceded that the increase in the ordinary naval and military expenditure for 1908–9 was certainly in excess of the amount that could reasonably be required for normal purposes, and

no doubt a large proportion found its way into the fund for expanding armaments. That the greater part of the retrenchment was effected in connection with productive works was in itself an illuminating reflection of the lamentable state of the country's finances. Yet in spite of this economy the extra burden of taxation, originally imposed for the purposes of war, was not relieved. On the contrary, it was added to in the form of increased indirect taxation. In the long run the country realised that something approaching recklessness had characterised the management of national finances. When a large sum of money, part of the surplus of the war funds, had been available to balance the Budget, a programme providing for a vast expenditure over a number of years was confidently elaborated. But at the time of its inception, beyond the first year, there was literally no source of revenue in sight to meet the additional burden. In short, the programme of the Government, in so far as it was set forth in figures that related only to expenditure, was altogether fallacious. No doubt it was earnestly hoped that future years would somehow bring forth the revenue with which to meet that expenditure, but exactly how both ends were to meet was known to nobody, not even the Finance Minister himself.

The Saionji Ministry fell as the result of the financial crisis, and Prince — then Marquis — Katsura, returned to power. As events turned out the revenue for the year 1908–9 exceeded the estimates by £17,223,256. On the whole, however, the state of economic depression had shown no sign of passing away. Grave irregularities in the management of several leading financial concerns which had involved the banks with whom they had relations, and, later, an attempt to corner the rice market, created a general feeling of uneasiness and despondency. When, therefore, Marquis Katsura assumed control of the national exchequer he was faced with difficulties that called for drastic treatment. In the first place, he announced that there would be a radical curtailment in expenditure, and, compared with the estimates of the preceding year, savings were effected as follows :—

| | |
|---|---|
| Army | £5,997,050 |
| Navy | 37,353 |
| Foreign Affairs | 217,674 |
| Home Affairs | 727,287 |
| Finance | 3,250,355 |
| Justice | 16,183 |
| Education | 250,941 |
| Agriculture and Commerce | 793,999 |
| Communications | 457,430 |
| | £11,748,272 |

The Prime Minister boldly announced that in future no more public loans would be raised. Hitherto the plan had been followed of meeting certain annual expenditures—as for instance, those required for the construction and improvement of railways, the extension of the telephone service the establishment of a steel foundry, and the special items brought over from the war account—by means of the proceeds of loans. Henceforth these projects, with the exception of railways, for which special provision was made, were to be chargeable upon the revenue. At the same time it was laid down that the redemption of the National Debt should amount to not less than £5,121,250 in any year, and that it should be gradually increased with the balance derived through the reduction of interest payable in consequence of the decrease in the principal. The special provision made for the railways, to which I have alluded, consisted in separating from the Budget all accounts relating to them, and placing them on an independent basis. The railways had always proved an annual burden in connection with the general finance; and although the estimates for the year 1909–10 showed that after debt and other charges had been met they would yield a profit of £768,000, it was expected not only that this sum would be wholly absorbed in the cost of construction and improvements, but that a loan from Government funds amounting to £2,200,000 would be required for the same purpose. Furthermore, it was understood that in future any sums needed for railway expansion would also be met from this source. It should be explained that the Government funds, to which reference is made, are those

reposing in what is called the Deposit Department. Altogether they amount at the present time to £25,600,000, made up largely of postal savings, and are invested in public loans. It will be seen that, while on the one hand a genuine saving was undoubtedly effected in the national expenditure, sufficient revenue was only found, in the first place, by reason of a surplus available from that of the preceding year, and which, it will be recalled, consisted mainly of the amount carried over from the war account and of that representing the reimbursement of outlay for maintaining prisoners of war; and, in the second place, by the separation of the railways from the Budget, a measure that in effect merely transferred and did not remove the burden on national finance. At the same time it was found necessary to effect still further postponements of expenditure in the elaborate programme of *post-bellum* expansions which Marquis Saionji had originated, and which, it will be remembered, he himself was compelled to readjust in the year immediately following its inception. As this matter, however, is referred to at length in a succeeding chapter, no detailed reference to it need here be made. In 1910–11 the Budget showed evidences of the Government's efforts in the direction of financial reform. Certain taxes, the incidence of which had hitherto been considered unequal, were readjusted, with the result that there was a decrease from this source amounting to £1,167,674. At the same time the long-felt necessity for an increase in the wages of Government officials was recognised. They were given additional remuneration to the average extent of 25 per cent., the total extra burden on the State for the year amounting to £1,126,703. Rigorous economies in the various departments reduced this sum by £757,964. Altogether the expenditure showed an increase on the previous year of £1,415,911. The extraordinary expenditure on account of the maintenance of the national forces declined somewhat, while the ordinary outlays for this purpose were appreciably larger than in the preceding year. The revenue, however, continued to exhibit a tendency to expand, and this circumstance, together with the fact that a not inconsiderable surplus was available from 1909–10, enabled the State to meet its obligations without departing from its declared policy of avoiding loans.

The latest data in regard to the financial condition of Japan is to be derived from a speech delivered by Prince Katsura in introducing the estimates for 1911–12. He stated that owing to the general economic progress, the coming into operation of the new Customs Tariff, and the increased appropriations for various funds under the "extraordinary" heading, an ultimate rise in the revenue of £1,800,000 was to be expected, a sum corresponding to the estimated additional expenditure for the year. At the same time he announced the introduction of the following new items of expenditure:—

A supplementary naval estimate of £8,400,000 to be spread over six years, the allotment for 1911–12 being about £1,500,000.

The increase of £100,000 rendered necessary by the annexation of Korea, making the annual contribution towards the development of this territory £1,200,000.

A programme of riparian improvements, urgently required in consequence of the floods, involving an outlay of £19,770,000 for the first period of the plan decided upon, the execution of which will be completed in eighteen years. The amount of expenditure to be allotted on this account for 1911–12 was £285,765.

Additional appropriations of £4,700,000 to be spent over a period of seven years in reconstruction, and of £28,000,000 for improving railways, to be allocated over a period of thirteen years.

As this latter item relates to railway matters, which, as we have seen, are now separated from the Budget, it is dealt with in the succeeding chapter, where the whole subject of Japanese national finance will be found elaborated.

This brief summary of annual finance since the war, together with a study of the tables which appear in the form of an appendix to the present section, will enable the reader to appreciate the conclusions to be drawn at a later stage. In the meantime it is permissible to direct attention to the circumstances which have enabled Japan to maintain her national

solvency. In the first place, not only have the taxes imposed for the purposes of the war been retained, but they have been increased. Some relief has been afforded by means of readjustment—that is all. For the rest, financial equilibrium has been possible by reason of the enormous surplus carried over from the war account, and the sum available as reimbursement of the cost incurred in connection with prisoners of war. It is difficult, if not impossible, to ascertain from Japanese sources the correct balance in hand from year to year. A report prepared by Mr E. M. Hobart-Hampden, acting Japanese Secretary of the British Embassy in Tōkyō, declares that "this surplus is one of the unknown, or at least doubtful, quantities of Japanese finance, owing to the fact that, although it is laid down in the law of finance that a surplus in the annual accounts of the financial year shall be carried over to the revenues of the next financial year, only such an amount figures publicly in the current Budget as is required to balance the accounts of the year." It should be explained that unexpended votes from preceding budgets or expenditure carried over from the extraordinary war outlays have been defrayed from the annual surpluses. This circumstance in itself shows that the surplus from the preceding year as published in the Budget does not represent the actual amount in hand.

# XXXVII

## NATIONAL FINANCE: THE POSITION OF JAPAN TO-DAY

### EXPENDITURE OF THE NATIONAL DEBT.

| Objects. | Amount Raised. | Amount Outstanding in 1908. |
|---|---|---|
| | £ | £ |
| For Reorganisation of Public Institutions . . | 23,000,000 | 300,000 |
| For Economic Undertakings . . . . . | 26,500,000 | 19,200,000 |
| For Expansion of Armaments, Navy, Army, and War . . . . . | 187,000,000 | 139,000,000 |
| For Financial Adjustment . . . . . | 74,000,000 | 71,100,000 |
| For Exploitation of New Territory . . . . . | 3,500,000 | 3,400,000 |
| | 314,000,000 | 233,000,000 |

From the above it will be seen that nearly 60 per cent. of the National Debt of Japan has been incurred to defray expenditure on armaments, and that of the amount outstanding in 1908 considerably more than one-half was on account of naval and military expenditure.

Taking a period of seven years from 1903–4, the year preceding the outbreak of hostilities with Russia, to 1909–10, the year when Prince Katsura reassumed office, it will be seen that the total national expenditure more than doubled, and that the naval and military outlays which are included, apart from the extraordinary war account, were increased nearly twofold. For the three years ending 1909–10 the naval and military expenditure represented one-third of the whole total incurred. When in addition it is remembered that nearly 60 per cent. of the loans negotiated by Japan have been spent

NOTE.—As will be seen by reference to page 850 and to the table given as an appendix to this chapter, the grand total of Japan's National Debt to-day approximates £265,000,000 sterling.

on armaments, it will be seen instantly that the national burden for warlike purposes has been altogether out of proportion to productive development. Since 1903–4 the National Debt has risen from £56,000,000 to £265,000,000, an increase of nearly fivefold, and the annual charge on that account is only eleven millions sterling short of that employed by Great Britain for a similar object. When the vast difference in the wealth of the two countries is taken into consideration, it will be realised that Japan is paying an enormous price for the predominance which she has secured in the Far East. Whether or not the strain will prove excessive in view of her limited resources is a matter that is open to some question.

On the revenue side we find that taxation provides considerably more than half the total, and that the proceeds from taxation have more than doubled since 1903–4, a circumstance due to increases in levies and also to natural development, but principally, it must be confessed, in consequence of the former. The receipts from public undertakings have also doubled since 1903–4, but this circumstance must be largely attributed to the introduction of monopolies. These items form the principal sources of revenue; and in the immediate future, apart from the return which it is anticipated the new Customs Tariff will yield—a rather problematical benefit, as I shall explain in the course of this chapter—any relief by means of large additions from other directions cannot be expected.

A comparison of the national wealth of Japan per head with that of thirteen of the leading Western countries shows her to be the poorest. The wealth of Japan, with £29, 14s. per head, is below that of Russia, with £54, 12s. per head, the least wealthy of the thirteen countries alluded to. In 1904 it was stated that against the total estimated wealth aggregating 13,560,807,000 *yen* from the values of land, buildings, household effects, railways, merchandise, bullion, and miscellaneous, Japan was bearing a burden of 298,430,813 *yen*, the estimated total of national and local revenues for the current fiscal year. The *Jiji Shimpo* estimated that more than 44 per cent. of the people's incomes were taken up by taxation. Moreover, the taxation is altogether excessive when taken in conjunction with the volume of exports.

In endeavouring to find a solution of the financial difficulties that beset his country, Prince Katsura, at the time Premier, with an assurance which impartial observers acquainted with the financial record of Japan did not mistake for foresight, elaborated a programme anticipating Budgets as far ahead as 1919–20. On the strength of this prophetic pronouncement, characteristic chiefly for the wealth of its optimism, he hoped to restore that foreign confidence in Japan's financial position which had been badly shaken by the still more prophetic pronouncements of his predecessor in office.' For it will be remembered that Marquis Saionji, stimulated by the possession in one year of ten millions sterling, part of the surplus from war loans, promptly proceeded to elaborate a programme of extraordinary expenditure covering a period of thirteen years, a programme that overlooked the all-important fact that this magic sum would not be available every year. When a year later the force of circumstances made him realise that both ends would not meet, he postponed portions of the outlays for six years. Then Prince Katsura came upon the scene, and by a simple process of arithmetic speedily arrived at the conclusion that the postponement of portions of outlays for six years must be extended to eleven years. On this basis he decided that £12,000,000 on account of extraordinary military and naval expenditure, and £5,000,000 on account of extraordinary expenditure for productive outlays, making a total of £17,000,000, was to be postponed. By effecting certain economies in administrative expenditure and by separating the railway account, as before mentioned, he succeeded in balancing the Budget without recourse to further taxation. Neither Marquis Saionji nor Prince Katsura curtailed the programme. They merely readjusted the annual outlays, or, in other words, extended the system of deferred payments. The following table indicates by comparison the modification that was introduced by the present Premier :—

| Financial Years. | The Old Programme. | | | The New Programme.[1] | | |
|---|---|---|---|---|---|---|
| | Annual Expenditure. | Annual Expenditure for the Works carried over from before 1908–1909. | Total. | Annual Expenditure. | Annual Expenditure for the Works carried over from before 1908–1909. | Total. |
| | £ | £ | £ | £ | £ | £ |
| 1909–10 . . | 7,750,000 | 8,250,000 | 16,000,000 | 6,250,000 | 2,650,000 | 8,900,000 |
| 1910–11 . . | 6,100,000 | ... | 6,100,000 | 5,050,000 | 1,450,000 | 6,500,000 |
| 1911–12 . . | 8,650,000 | 450,000 | 9,100,000 | 5,400,000 | 800,000 | 6,200,000 |
| 1912–13 . . | 6,850,000 | 550,000 | 7,400,000 | 5,200,000 | 600,000 | 5,800,000 |
| 1913–14 . . | 5,800,000 | 500,000 | 6,300,000 | 5,000,000 | ... | 5,000,000 |
| 1914–15 . . | 4,650,000 | 450,000 | 5,100,000 | 4,700,000 | 400,000 | 5,100,000 |
| 1915–16 . . | 3,250,000 | 250,000 | 3,500,000 | 5,500,000 | 500,000 | 6,000,000 |
| 1916–17 . . | 600,000 | ... | 600,000 | 3,000,000 | 800,000 | 3,800,000 |
| 1917–18 . . | 500,000 | ... | 500,000 | 1,300,000 | 800,000 | 2,100,000 |
| 1918–19 . . | 200,000 | ... | 200,000 | 1,000,000 | 800,000 | 1,800,000 |
| 1919–20 . . | 200,000 | ... | 200,000 | 1,000,000 | 800,000 | 1,800,000 |
| Grand Total . | 44,550,000 | 10,450,000 | 55,000,000 | 43,400,000 | 9,600,000 | 53,000,000 |

The Government gave several reasons for their readjustment of the programme. They stated that the principal of these was the abolition of the practice, formerly adopted, of tiding over annual difficulties by means of loans, a practice which, it may incidentally be observed, tended to make the amounts of Budget surpluses published from time to time fictitious. Moreover, they urged that apart from the Government programme there was an eagerness among individuals to indulge in enterprises which threatened an excess of activity, with the resultant evils of general insufficiency in materials, labour, and capital. Plainly described, the situation was this: that not only the Government but the people were over-reaching themselves in consequence of an exaggerated idea of the commercial value of the prestige attendant on a victorious war; that the raising of loans for Budget purposes was becoming more and more difficult; and that, in short, the nation was not yet in a position to carry the burden that was involved in the original Saionji programme. The Government also made an estimate of revenue and expenditure for the next ten years, as follows:—

[1] It should be explained that part of the *post-bellum* programme had already been carried out (*vide* pages 855, 856). The total amount involved approximated seventy-four millions sterling.

| | 1910–11. | 1911–12. | 1912–13. | 1913–14. | 1914–15. | 1915–16. | 1916–17. | 1917–18. | 1918–19. | 1919–20. |
|---|---|---|---|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ |
| Revenue— | | | | | | | | | | |
| Ordinary . . . . . | 47,200,000 | 48,100,000 | 48,500,000 | 48,600,000 | 48,600,000 | 48,600,000 | 48,600,000 | 48,600,000 | 48,600,000 | 48,600,000 |
| Extraordinary . . . . | 2,400,000 | 2,500,000 | 2,500,000 | 2,400,000 | 2,300,000 | 2,200,000 | 2,200,000 | 2,100,000 | 2,100,000 | 2,000,000 |
| Total . . | 49,600,000 | 50,600,000 | 51,000,000 | 51,000,000 | 50,900,000 | 50,800,000 | 50,800,000 | 50,700,000 | 50,700,000 | 50,600,000 |
| Expenditure— | | | | | | | | | | |
| Ordinary . . . . . | 40,900,000 | 41,200,000 | 41,000,000 | 41,200,000 | 41,300,000 | 41,500,000 | 41,700,000 | 41,800,000 | 41,900,000 | 41,900,000 |
| Extraordinary . . . . | 9,400,000 | 9,600,000 | 8,700,000 | 8,200,000 | 8,700,000 | 9,400,000 | 6,600,000 | 5,300,000 | 5,000,000 | 5,000,000 |
| Total . . | 50,300,000 | 50,800,000 | 49,700,000 | 49,400,000 | 50,000,000 | 50,900,000 | 48,300,000 | 47,100,000 | 46,900,000 | 46,900,000 |
| Cost of works carried over from the previous years | 1,400,000 | 700,000 | 600,000 | 100,000 | 400,000 | 500,000 | 700,000 | 700,000 | 700,000 | 700,000 |
| Grand Total . | 51,700,000 | 51,500,000 | 50,300,000 | 49,500,000 | 50,400,000 | 51,400,000 | 49,000,000 | 47,800,000 | 47,600,000 | 47,600,000 |
| Surplus . . . . . | ... | ... | 700,000 | 1,500,000 | 500,000 | ... | 1,800,000 | 2,900,000 | 3,100,000 | 3,000,000 |
| Deficit . . . . . | 2,100,000 | 900,000 | ... | ... | ... | 600,000 | ... | ... | ... | ... |

NOTE.—This estimate takes the annual cost of proposed works as set forth in the preceding table, and supposes the revenue and expenditure to be approximately the same as that of 1909–10. The deficits for the years 1910–11 were to be met by part of the surplus in hand. Surpluses are carried over from year to year.

**Railway Finance.**—In their estimate of the revenue and expenditure as far ahead as 1919–20, the Japanese Government have taken an unduly sanguine view of the financial possibilities of the country, a view that is hardly warranted in the light of their past experience and of the present position. It must not be overlooked that the principal economy effected on the annual Budgets is a result of the decision to separate the Railway Accounts and to empower the Department in charge to issue loans to meet deficits whenever these may arise. In spite of the transference of this obligation the railways will play an important part in the future of Japanese finance. They will indeed constitute the deciding factor in the national balance-sheet. In order to appreciate fully their relation to the general situation, it is necessary to recall some of the circumstances connected with the nationalisation. In March 1906 a Bill passed the Diet, the principal features of which were as follows :—

(1) The lines to be purchased under the Railway Nationalisation Law were those belonging to seventeen companies, namely, the Nippon, Sanyō, Kōbu, Kwansai, Kyōto, Hankakū, Hokuyetsu, Nishinari, Nanao, Ganyetsu, Kyūshū, Hokkaidō-Tankō, Hokkaidō, Sangū, Sōbū, Bōsō, and Tokushima, all of which were main trunk lines used for general traffic. Their aggregate length was 2812 miles and the cost of their construction was about *yen* 229,000,000 (£23,463,115).

(2) The Government was to purchase the above-mentioned railways within the period of ten years from 1906 to 1915; and from the day of purchase the Government succeeded to the actually existing rights and obligations of the company so bought out.

(3) The purchase-money was to be delivered within five years from the date of purchase in public loan bonds bearing 5 per cent. interest calculated at their nominal value; from the day of purchase until the day on which the public loan bonds were delivered, the company bought out was to receive at each time of the year at which it had hitherto made its settled account a sum of money equivalent to the rate of 6 per cent. per annum on the purchase-price.

(4) The amount of the public loan to be issued for the

purchase of the railways was calculated at not less than *yen* 421,000,000 (£43,135,246), and it was intended to redeem this loan by means of the net profit accruing from the purchased railways. The entire loan would, it was computed, be redeemed within thirty-two years after the purchase of the railways, and the annual profit from the lines after the complete redemption of the loan was estimated at over *yen* 53,000,000 (£5,430,328).

By the last day of July, 1909, the whole of the loan bonds were delivered to the private railway companies as the purchase price of their properties. The total amount thus involved was £48,788,159, somewhat in excess of the sum originally estimated. For a long time it has been notorious that the railway system of Japan was utterly inadequate to the demands of the changing times. Within four years of the war with China—a period of remarkable industrial development—the mileage increased by over 50 per cent. Nevertheless the present total of 5000 miles is wholly insufficient for the needs of a population of 50,000,000—a population that is rapidly growing and that has shown itself capable of enormous commercial expansion during the last decade. It may be observed that the United Kingdom, with a population about the same as that of Japan, has a total railway mileage of 23,060. It is clear that if Japan is to attain to that degree of prosperity essential for the maintenance of her financial stability she must improve and extend her railway system. The urgent necessity for drastic reform in this direction has forced itself upon the statesmen responsible for guiding the national destiny. Consequently they have elaborated a colossal programme, but in so doing have fallen into the error, committed by their predecessors, of scheming on a grand scale while having only a hazy idea of the sources from which the required funds are to be forthcoming. It should be explained here that when the railways of Japan were constructed the mistake was made of laying down the narrow gauge system. Since that time Japan has acquired railways in Manchuria and in Korea, all of which conform to the standard gauge. Primarily, strategical considerations dictate that the gauge of the Japanese railways shall be standardised. It will be recalled that during the

Manchurian campaign the operations were hampered considerably by the shortage of rolling stock, and it is apparently the intention of the Government that, in the event of another war on the Asiatic continent, this defect in the system of communications shall not again arise. It has therefore been decided to widen the gauge of the railway system in Japan. This measure will result in the standardisation of railways not only within the Empire itself, but also in relation to Southern Manchuria, where the gauge of the system in existence accords with that of the North China railways with which it is linked. The strategical advantages to be derived from the impending change are apparent on the surface. The economic possibilities are no less evident. The most important aspect of the whole scheme, however—that of finance—remains exceedingly obscure. It will be remembered that as railways constituted a recurring burden on the national exchequer, Prince Katsura decided to separate them from the Annual Budget, and to make their administration the sole concern of a special and independent department. At the same time he announced that the fixed policy of the Government was to avoid resorting to further loans. It has already been pointed out that this change in railway management did not, in fact, lessen the strain of the financial situation in Japan; it merely rendered the Budget easier of adjustment by removing a charge to be met out of Government funds which were not subjected to so close a scrutiny abroad as that given to the ordinary sources of revenue. At the time, the wild policy which Marquis Saionji sought to pursue had lowered the nation's credit, and some stimulus was urgently required to stave off financial ruin. The measures adopted by Prince Katsura, together with the bold announcement that it was his determination steadily to diminish the National Debt, had the desired effect. Japanese bonds appreciated. It should not be forgotten that on a former occasion, when a similar crisis was in sight, official statements were widely circulated that a gold-mine of untold value had been discovered in the country. And a sensitive market promptly responded.

During the campaign of publicity which was organised at the time for the express purpose of "booming" Japanese

securities in the Western markets, the following official intimation was conveyed through the Central News Agency: "Mr. Arakawa, the Japanese Consul-General in London, has received advices from Tōkyō to the effect that the recently discovered goldfields at I-wato are expected to produce considerably more than was originally estimated. Dr. Watanabe, the well-known Japanese mining expert, has now been able to conduct a complete examination of a fourth of the gold-bearing region, and has estimated that it will produce ore of the value of £100,000,000. If the remaining three-fourths of the goldfields are, after examination, found to be similarly prolific in ore, Dr. Watanabe estimates that the Japanese Treasury will be enriched to the extent of £400,000,000." And, having arrived at this remarkable result in arithmetical computation, the report concluded with the optimistic statement that the Finance Department of the Japanese Government was continuing its investigations, and it was expected that mining operations would be commenced at an early date.

Needless to add, nothing more has been heard of this official gold-mine. Railways, however, bear so close a relation to permanent national finance that it becomes an exceedingly difficult matter to juggle with their administration over a prolonged period, even for the purpose of upholding foreign credit. When in this connection the record of Japanese statesmen is fully disclosed, it will be realised that there is considerable warrant for the belief that the conduct of the national finances is by no means straightforward.

It is estimated that the cost of widening the gauge of the railways will be £23,000,000, an outlay to be spread over thirteen years. In addition, £21,000,000 will be required for improvements and extensions. Furthermore, the Administration has in mind yet another scheme of development which will involve an expenditure of no less than £100,000,000. Leaving this latter project altogether out of consideration, it is difficult to see how the money is to be raised to pay for the remaining programmes already sanctioned. The fact should not be ignored that the Government has paid for the railways in paper—that is to say, there are, as the purchase price, bonds outstanding to the extent of fifty millions sterling.

Any addition to the debt on account of railways, therefore, would appear to be undesirable. The proposals of the Government have been made the subject of keen criticism on the part of leading Japanese newspapers. For example, the *Tōkyō Asahi* estimates that the returns from railways, with which the Government proposes to meet the expenditure, will aggregate only £10,000,000 in the coming thirteen years. There remains £34,000,000 to be accounted for. That sum, then, must be met by a loan. But the interest, calculated at 4 per cent., could not be paid out of the railway returns. Although the paper takes into consideration an increase of the railway income after improvements and extensions have been made, it does not put the figures so high as the railway authorities seem to expect they will be. When the Government's scheme of spreading the railway net over the country, besides widening the gauge of the main line, shall have been carried out, the increase of funds to be obtained by means of loans will involve the increase by sevenfold of interest paid. Therefore, even in the matter of service on obligations to be incurred, the Government's scheme, according to the *Asahi*, is too bold and extravagant. But the redemption of the principal involves yet another difficulty. The Loan Reduction Fund now in existence applies only to general loans, no fixed policy having been formulated so far for the redemption of railway loans. "That the railway loans should be redeemed within a certain number of years," continues the *Asahi*, "is a self-evident necessity. But the annual repayment will make the business of extension and improvements a formidable task. It may even hinder the realisation of the widening of the gauge. The railway loans already amount to £60,000,000. Add to this amount a fresh loan of £34,000,000, and the aggregate loans will stand at £100,000,000. Supposing that sum is to be redeemed in fifty years, the annual burden of the Railway Board will be no less than £34,000,000. This signifies that the burden can only be borne if the income from the railways quadruples in the coming thirteen years. If Baron Goto's scheme of further extension of lines be carried out by raising another £100,000,000 loan, the annual repayment of interest and principal will be further increased. A limitation of railway

schemes within the possible income from the railway is thus urgently necessary."

Other influential journals, notably the *Nichi Nichi*, and the *Yomiuri*, commented upon the absence of any definite financial plan, and pointed out that a resort to loans would be contrary to the Government's declared policy. The Premier, however, stated that when he announced this policy he did not mean to include in its operation the railways. For the present it was not his intention to meet the new expenditure with borrowed money; but he did not deny that when the market became favourable this means of raising funds would be employed. It is clear from the comments of the Japanese newspapers, as well as from the impression existing abroad, that when Prince Katsura gave his solemn undertaking to the country to abandon the policy of adding to the National Exchequer by means of increasing the National Debt, it was his deliberate intention to convey to the world at large the definite belief that no further obligations would be contracted by Japan for any purpose whatsoever. The separation of railway finance from the Budget does not affect the principle involved. I therefore repeat that the finances of Japan are not conducted in a straightforward manner. Thus we have a Minister holding the highest office in the State explicitly announcing that Japan's borrowing career is at an end, and at the same time propounding a scheme for the steady diminution of the National Debt. He was to effect this purpose by shifting the burden of railways from one department of State to another. But who knew better than the Premier himself that while the National Debt was being decreased on the one hand, it must inevitably be increased on the other—or, in short, that it had become essential for the maintenance of solvency that the railways should be improved, and that this object could only be achieved by means of borrowed money? Surely the discovery that the existing system of communications is utterly inadequate can be no new one? Prince Katsura must have been fully aware of such a circumstance when he disclosed his so-called "fixed policy." He could, then, have had no other object in view than that of raising the credit

of Japan in the markets abroad, by representing that she was in a state of progress which enabled her in the first place to dispense with loans, and in the second place steadily to reduce her outstanding obligations. Events have proved that she is not in a position to accomplish either of these purposes. It is also beyond dispute that Prince Katsura was well aware that he was giving publicity to a programme of impossibilities when he delivered himself of the "booming" harangue to which I have alluded. Were it otherwise he would be lacking common acumen; for it is evident to all travellers over Japanese railways that the system is ludicrously antiquated.

As a matter of fact the national finances of Japan, ever since the war, have been precarious; and it is only in consequence of the skilful operations of Japanese financial agencies abroad, coupled with the frequent and inspired publication of optimistic statements in the press, that the price of Japanese bonds has been so persistently bolstered up. It is safe to say that had the true position been realised, there would have been something like a panic among the foreign holders of securities. The question will doubtless be asked, "If all this be true, how then is Japan to meet the first expenditures in connection with the programme of railway expansion, the expenditures which are to tide over until the market is favourable to the issue of further loans?" It is proposed to make a raid upon a department of State finance known as the Government Deposit Bureau. This Bureau contains funds to the amount of £25,000,000, consisting of various public moneys, principally postal savings. The capital thus reposed in the safe keeping of the Treasury is mainly invested in public loans, and it is the resultant revenue that will be handed over for the use of the railways. Already several advances from the Bureau have been made for this purpose. The transaction means, in the first place, the annexation of the people's savings for public loans, and, in the second place, the employment of the revenue thus derived in further loans to the State.

To return to the question of national as apart from railway finance, it must be remembered that according to Prince Katsura's own estimate, the success of his programme was dependent upon the expenditure during the next decade remaining approximately the same as in the year of its inception. Yet only two years have elapsed, and in spite of the fact that all serious social reform has been at a standstill, the expenditure is going up by leaps and bounds. For example, it has been found necessary to embark upon another programme of naval works involving a sum upwards of £8,000,000, the expenditure of which is to be spread over six years. Then, riparian improvements are to be effected during the next twenty years at a total cost of £18,000,000. About £900,000 is to be devoted annually to this purpose. Of that sum about £500,000 will be a charge upon the Budget, while it is announced that "the remaining £400,000 is to be raised by means of a loan from the Deposit Bureau, or by some other means within easy reach." Finally, £10,000,000 is to be spent on railway, road, and harbour undertakings in Korea during ten consecutive years. And in this connection it is stated that the Government "will cause the Bank of Korea to take up the task of finding the necessary funds by some means, in the way in which the Bank of Formosa supplied the Government with capital for Formosan undertakings." This last announcement means that in all probability the Bank of Korea will shortly be seeking a loan in foreign markets. Already the Bank of Formosa has been compelled to raise money abroad on the security of Government bonds which it holds. It should not be forgotten that in the form of money lent to the Industrial Bank of Japan, British capital has before now found its way into Korea, where it was used to help the Japanese to create for themselves a monopoly of trade. The same applies to South Manchuria, where the Railway Company has been the medium for introducing "cheap" British capital to be employed in turning over enormous profits for the Japanese.

The Government, while not providing for, anticipate that there will be, an increase in revenue. But, as I have

pointed out before, the expenditure has also shown a marked tendency to increase; and, in view of the growing responsibilities of Japan as a nation, it is difficult to see how in the future the margin from the natural development of taxation will be sufficient to meet the increased demands upon the national exchequer. It is certainly open to grave question whether a programme for a country like Japan, which is still in a state of transition, can be framed on a calculation covering ten years ahead with only a problematical margin of a million and a half sterling to meet any excess of the estimates. The margin is wholly insufficient for the annual deficiency that must inevitably arise if the railways are to be extended, and, as time must necessarily elapse before there is a satisfactory return on additional outlays for railways, it will be realised that for the next few years the financial position of Japan will be such as to cause anxiety, not only at home, but also abroad, where large portions of her securities are held. There is another important aspect of the situation to be taken into consideration. The following table shows that during the last fifteen years, with but two exceptions, the imports have appreciably exceeded the exports.

| | Exports. | Imports. | Excess of Imports over Exports. | Excess of Exports over Imports. |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| 1896 | 11,780,000 | 17,160,000 | 5,380,000 | ... |
| 1897 | 16,300,000 | 21,900,000 | 5,600,000 | ... |
| 1898 | 16,570,000 | 27,750,000 | 11,180,000 | ... |
| 1899 | 21,500,000 | 22,000,000 | 500,000 | ... |
| 1900 | 20,400,000 | 28,700,000 | 8,300,000 | ... |
| 1901 | 25,230,000 | 25,580,000 | 350,000 | ... |
| 1902 | 25,830,000 | 27,170,000 | 1,340,000 | ... |
| 1903 | 28,950,000 | 31,700,000 | 2,750,000 | ... |
| 1904 | 32,000,000 | 37,000,000 | 5,000,000 | ... |
| 1905 | 32,100,000 | 48,800,000 | 16,700,000 | ... |
| 1906 | 42,370,000 | 41,870,000 | ... | 500,000 |
| 1907 | 43,200,000 | 49,400,000 | 6,200,000 | ... |
| 1908 | 37,800,000 | 43,600,000 | 5,800,000 | ... |
| 1909 | 41,300,000 | 39,400,000 | ... | 1,900,000 |
| 1910[1] | 45,700,000 | 46,500,000 | 800,000 | ... |

[1] Approximate figures, excluding Korea.

Official statistics for the year 1910 reveal a balance of some £200,000 in favour of exports; but, it should be explained, this apparently satisfactory state of affairs was only rendered possible by the inclusion of the trade returns for Korea, which country is now, of course, an integral part of the Japanese Empire. An examination of Korea's foreign trade for the six years ending 1909 shows, however, that her imports overwhelmingly exceeded her exports; and it is clear that until considerable developments have been undertaken by the new administration, it would be altogether fallacious for Japan to depend upon the trade of this portion of her dominions as a means of maintaining a favourable balance in the returns of the Empire as a whole.

Much is expected from the immediate operation of the new tariff. It is, however, a debateable question as to whether the relief to be derived from this source will be so tangible as the advocates of Protection in Japan have suggested. The comparative poverty of the land will seriously militate against an expansion of enterprise on a scale sufficiently large to ensure a permanent excess of exports over imports. The exploitation of Manchuria and Korea will ultimately tend towards Imperial prosperity; but in the meantime these territories must, to some extent, prove a burden upon national finances. Not only will the State require foreign capital for railway expansion and developments in the Colonial possessions, but the industrial community generally will have to be financed if trade is to progress on healthy lines. As it follows that interest must be paid on borrowed money, there is likely to be a considerable drain of specie out of the country for many years to come.

To refer again to the foregoing table, the comments of the British Commercial Attaché, in his report for the year 1909, explain away, in a large measure, the prosperous appearance of the figures for that year, and it is therefore opportune to quote at length from the passages alluded to:

"In the Financial and Economic Annual of the Department of Finance for 1905 it was shown that Japan's trade had doubled decennially during the twenty years from 1868 to 1888, and septennially after the latter year, and that if the same rate were maintained, the total volume would reach

£108,500,000 in 1909. The actual total for 1909 has, however, proved to be only £82,413,033, or £26,000,000 less than the rather optimistic estimate above mentioned, so it will be seen that Japanese commerce has not progressed as rapidly as it did in past years. This need occasion no surprise, nor should it give rise to pessimistic thoughts. As is well known, 1908 and 1909 were lean years all the world over, and in Japan local influences, such as a feeling of uncertainty caused by revelations of commercial scandals, and a wave of parsimony, combined with other causes to make the depression last longer here than elsewhere. The Japanese, however, remain wedded to the mercantilist theory, and they derived no small satisfaction from the fact that exports exceeded imports by nearly £2,000,000, even though this excess was caused by a falling-off in imports rather than by a phenomenal growth in exports. This feeling is well illustrated in the speech of Baron Matsuo, the President of the Bank of Japan, who, in reviewing the foreign trade of 1909, said, 'Compared with *post-bellum* days, when conditions were tending upward at home and abroad, the monetary value of the trade is inferior, but regarded from the point of view of the favourable balance of imports and exports it may be called a good result.' It is very doubtful, however, whether merchants, either Japanese or foreign, will remember 1909 as a particularly good year. The cessation of the boycott in China and the absence of marked fluctuations in silver helped to improve the general export business to China, while the fine silk and rice crops were very important factors in the growth of exports. As regards imports there was an immense falling-off in machinery—a not unnatural result when it is remembered that the industrial boom which had been responsible for the placing of so many orders had subsided a long time before and had been followed by severe depression. In a great many other lines there was also a considerable reduction, and had it not been for the advance in raw cotton, wool, and paper, the import figures would have been a very poor showing."

It is impossible to arrive at an approximately true estimate of the position of the finances of Japan from a consultation of the figures of foreign trade in conjunction with the move-

ments of specie. In 1907, when the balance of trade was more unfavourable than in 1908, specie to the value of about £100,000 entered the country in excess of that which went out, whereas in 1908 the excess was in the other direction to the extent of £40,000. The manipulations of the Finance Department are responsible for these apparent inconsistencies. The gold kept in London enters largely into the question. Referring to the excess of imports over exports, the Commercial Attaché to the British Embassy at Tōkyō wrote: "There are some people who ridicule the idea that a continuous adverse balance constitutes a source of danger to Japan; they forget that she is a country with a large foreign debt . . . and that she has practically no investments abroad, her two principal items of 'invisible' revenue being obtained from her mercantile marine (which totals some 1,200,000 tons) and from foreign visitors."

The Government explanation is as optimistic as most views which emanate from the Finance Department. "It need hardly be here added," says the official pronouncement, "that an excess of imports over exports is not necessarily a matter for grief or alarm, for according to the condition of the country, the circumstances of the time, and the kinds of commodities imported, it may even be a presage of prosperity. Upon reviewing the condition of our import trade, we are greatly strengthened in mind by the fact that while there is a marked increase in the import of raw materials, a gradual decrease is observable in the import of manufactured articles; and it cannot be long before these increasing imports bear fruit and lead to a great expansion of our export trade."

In 1907 the American financial crisis and the depreciation of silver tended to restrict the exports, while in 1908 the Chinese boycott was responsible for one-third of the adverse balance of trade. When, however, full allowance has been made for extraordinary influences, the fact remains that the excess of imports over exports which has now lasted many years is of serious moment, and that unless the heavy drain of specie abroad on this account is checked in the near future, Japan may some day find herself face to face with a serious crisis. The official statement that owing to the demand for raw materials the excess of imports is not to be regarded with

anxiety does not satisfactorily explain away the present unfortunate situation. With but two exceptions during the past fifteen years, the volume of imports has been considerably larger than that of exports, a circumstance which would seem to point to the fact that experience over a considerable period fails to prove that the amount of raw material purchased has been anything like sufficient to restore a favourable balance of trade. Moreover, the lack of capital available for the expansion of existing enterprises and the establishment of new undertakings is against the official contention that the immediate future must inevitably produce a satisfactory growth in exports.

A few years ago it was possible to obtain an approximate estimate of Japan's national balance-sheet by considering the position of her foreign trade in connection with what are known as invisible imports and exports. Under the heading "invisible imports" (receipts) are classified such items as money spent by tourists, students, and seamen; money introduced into the country by returned emigrants; money disbursed by foreign legations and missions; freight on goods imported and exported by Japanese ships; articles purchased by, and the building, repairing, and docking of, foreign men-of-war and merchant shipping, &c. Under the heading, "invisible exports" (expenditure), are to be traced disbursements in connection with Japanese enterprise abroad, as, for example, payments for ships chartered from foreigners, and harbour and Suez Canal dues on Japanese shipping; remittances by foreign residents; profits made by foreign merchants in Japan; expenditure of Japanese travelling or resident abroad; payments on account of the diplomatic service, and of interest and redemption in connection with domestic loan bonds held abroad. In order, therefore, to give some idea of Japan's financial position it is necessary to strike a balance between these invisible imports and exports, at the same time taking into account the annual drain of specie in connection with State and Municipal loans raised outside the country, together with the adverse balance of trade (expenditure), and also the yearly gold production (receipts).

Unfortunately, for reasons which may be inferred, the

authorities no longer give access to so frank and searching a statement of the financial position of the nation. There is, however, quite sufficient data published to enable us to establish the fact that, at the best, the country is poorer to the extent of £12,000,000 sterling annually. The truth of this statement will be seen from a reference to the Table below, the details of which are either taken from official figures or else constitute conservative estimates based on past statistics :—

| | | |
|---|---|---|
| [1] OUTGOINGS :— | | |
| Foreign Loans contracted by the State : | | |
| Interest and Redemption . . | £11,300,000 | |
| Foreign Loans contracted by Municipalities and Private Enterprises : | | |
| Interest and Redemption . . | 1,000,000 | |
| Adverse balance of Foreign Trade . | 5,300,000 | |
| | | £17,600,000 |
| RECEIPTS :— | | |
| Annual gold production . . . | £ 500,000 | |
| Nett proceeds from Invisible Imports | 5,000,000 | |
| | | 5,500,000 |
| Adverse balance . . . . | | £12,100,000 |

That a country like Japan, the resources of which are necessarily limited, should be called upon to pay out £12,000,000 annually to foreign creditors is in itself sufficiently indicative of the seriousness of her financial position. If we concede that obligations on account of foreign trade will disappear with time, and that the yearly estimates of revenue and expenditure will be strictly adhered to, the fact remains that a sum, altogether out of proportion to the national purse, must be sent abroad annually for many years to come in order to meet the interest and redemption in connection with the Foreign Debt. It is, indeed, highly improbable that Japan will have discharged her obligations within the twenty-seven years stipulated by Prince Katsura ; for she cannot avoid contracting further large loans if, apart from other pressing matters, she is to develop her railway system.

[1] NOTE.—The adverse balance of trade is estimated from figures covering the past fifteen years. *Vide* Table, p. 912.

It has long been known that the Japanese Government have kept in London a considerable sum of money as a reserve fund. Frequently attempts have been made to induce them to disclose the amount thus held and the manner of its employment, but for some reason best known to the Treasury the information until recently has been persistently refused. Mr. Yamamoto, the present Minister of Finance, wisely made a departure from this policy of reticence, and announced that the reserve stood at about thirty-seven millions sterling, of which the Bank of Japan held upwards of two-thirds, the amount maintained by the Government representing some eleven and a half millions sterling. A year ago the Government's share was nineteen and three-quarter millions, and that of the bank seventeen millions sterling. Mr. Yamamoto went on to say that the nett proceeds of the Tōkyō municipal loan—which was expected to yield above eight millions sterling—would go to the Treasury, thus restoring the Government's proportion of the reserve. The fund in London is used largely for paying interest on money borrowed in Europe. The Finance Minister admits that this proceeding is at the best an unsatisfactory one, and that, "in accordance with the orthodox way of doing things," the most direct method would be to purchase foreign drafts with convertible notes out of revenue from taxes. More than one financial medium of standing criticised with some severity the policy thus revealed, a policy which Mr. Yamamoto sought to justify by declaring that "the Japanese system is not yet sufficiently developed for the adoption of the orthodox way of doing things." Plainly put, the revenue of Japan is not equal to paying the interest on the National Debt. Commenting upon this circumstance, *The Economist* (March 9, 1912) in the following passage declared that: "As the ordinary revenue of Japan does not suffice to meet the whole of the expenditure (which, it will be remembered, includes a sinking fund of about five millions sterling), the fund maintained in London is constantly diminished by payment of interest, and, as our contemporary [1] puts it, 'the Bank of Japan increases its reserves held in London, and expands its note issue in Japan at the same

[1] *The Japan Chronicle.*

time.' Thus the real reserve held in London dwindles from want of sufficient tax revenue, and as the Government has declared it will not float a foreign loan, it replenishes its funds in London by floating a municipal loan in Europe on the security of the Tōkyō tramways, keeping the proceeds in London, and apparently paying the owners of the tramways with Bank of Japan notes. The transaction is a little complicated, and we are afraid it will lead to trouble in the end. For surely it must mean that the Japanese currency will gradually represent less than its face value, and that the rise in prices will continue at a greater rate than in countries with a real gold standard currency. Mr. Yamamoto's statement that the annual efflux of gold to Japan now amounts to nine and a half millions sterling strongly confirms this view. The maintenance of a reserve in London may or may not be a good device, but to maintain it by increasing the issue of notes in Japan is so obviously unsound and dangerous that we feel sure Mr. Yamamoto will before long take strong remedial measures. In our opinion Japanese expenditure should be cut down to the full extent of the depletion of the gold reserve in London, if that reserve is to be maintained. Otherwise it should be recognised that the present sinking fund is a sham and something worse; for of all the things which a Government financially embarrassed can do, the worst is to expand its note issues and to depreciate its currency. It is the subtlest and swiftest mode of bringing about universal, and perhaps revolutionary, discontent."

Certain interesting conclusions may be drawn from Japan's policy in regard to the reserve in London. To begin with, it may be assumed that the fund was originally established by the employment of money saved from the war loans. Therefore Japan borrowed more than she required for the purpose of the war in order that she might in the future be able, among other things, to defray the interest on such debt. Possibly she anticipated that in the meantime an expansion of revenue would come to her rescue. But so far, and at least six years have elapsed, the annual adverse balance of trade has not been remedied. In these circumstances the criticism of *The Economist* that

the Sinking Fund is a sham and something worse cannot be regarded as excessively severe. When we reflect that in addition to providing from the war funds a reserve in London, Japan annexed from the same source a sum approximating twenty millions sterling for naval construction, we may realise that her financial operations in Europe have been at least "tricky," if not positively deceptive, in character. The diversion to the Treasury of the Tōkyō municipal loan is a proceeding which *The Economist* does not hesitate to term "an indirect device for maintaing a gold reserve in London without undue borrowing from the Bank of Japan." It would be interesting to know whether or not this instance has a precedent. The Japanese Government cannot complain if its policy in other directions should be open to suspicion. For example, an inquiry is pertinent as to whether the proceeds of the South Manchuria Railway Debenture Loan also found their way into an empty Treasury. The all-important fact remains that nothing stands between Japan and bankruptcy save the reserve fund held in London, a fund which, in itself, is the proceeds of debt, and has to be maintained by further loans floated under the cloak of a municipality, because the Government's credit is for the time being at an end. Thus it is made apparent that Japan is existing upon paper of doubtful value. Yet she has boldly declared her determination to take a part in the financing of China. This purpose she cannot accomplish without a further raid upon the European money market. Under what ingenuous guise will this raid be conducted? Will another town be pledged to save the Treasury? Perhaps the Industrial Bank will be chosen as a medium. Then there is always the South Manchuria Railway. Possibly the railway system of Japan itself will be offered as security. But let us not forget that the railway system of Japan was nationalised by the convenient process of manufacturing "loan bonds."

It should be remembered that while municipal loans receive the consent of the Government, they are not guaranteed by the Government. In fact, at the present moment, the Japanese Government is not in a financial position to guarantee so much as a single *sen*. There is

nothing to be said against the maintenance of a reserve fund in London with the object of facilitating the payment of interest on debt, but the secrecy that has hitherto veiled the conduct of such fund is open to censure. The omission from the national accounts of any mention of its existence cannot be defended on any ground whatsoever. The friends of Japan have constantly urged that her present predicament is due not to her ambition in the direction of military expansion, but to the heroic efforts which she is making to repay her loans. Now it appears, as *The Economist* rightly says, that the Sinking Fund which it was announced had been established for this purpose was "a sham and something worse." It cannot be denied that the creation of the Sinking Fund, so widely noised abroad, had the desired effect of bolstering up Japan's waning credit. Leaving altogether out of consideration the method adopted for meeting the service of the National Debt, we cannot forget that this National Debt was largely incurred for the purposes of war and for the expansion of armaments. Moreover, the Government, in their desire to extricate the country from its difficulties, have merely adjusted the expenditure for armaments. They have not reduced the total by so much as a single *yen*, nor have they extended the period of years over which the programme is to be completed.

Another significant feature to be noted is the rise in the annual expenditure for military and naval purposes. Thus, in a little more than a decade, Japan's annual outlay on her army and navy has increased eightfold—that is to say, from an average of two and a quarter millions, disbursements on account of her forces have risen to an average of eighteen and a quarter millions sterling. She has already reduced the period of conscription from three years to two years, a change which, while it has involved additional expenditure, has provided a large number of additional well-trained men. Again, a reference to Chapter XXI. will show that Japan is utilising every spare penny of her borrowed funds in order to build up so powerful a fleet of battleships and battle-cruisers that her position in the Pacific shall be not merely one of supremacy but ultimately one of overwhelming supremacy. In any consideration of the military status of Japan, it must not be overlooked that the standard of remuneration

for labour in the country is a low one, and that consequently her arsenals, dockyards, and Government factories generally, are conducted far more cheaply than similar establishments in any part of the world. Her soldiers and sailors are paid on a very meagre scale, and they are clothed, fed, and equipped at a minimum cost to the State. Therefore it should be emphasised that the military outlays of Japan, enormous as they are as a burden upon an impoverished exchequer, possess also a relatively enormous purchasing power when compared with the outlays of other countries. The conclusion may well be drawn from these considerations that the present financial plight of Japan is due solely to the largeness of her military ambitions. Whether she is justified in her policy need not be discussed here. That her military expansion is altogether out of proportion to her industrial development is undeniable. Certainly she has gained more by way of prestige than by way of material prosperity as a result of her victories in two of the greatest wars of modern times. It may be urged that prestige and prosperity go hand in hand. Japan has yet to experience the truth of this dictum. Both after the campaign with China and that with Russia there was a sudden growth in her foreign trade. As such growth, however, was accompanied by an excess of imports over exports, an excess that with only two exceptions has been maintained for fifteen years, the nett result cannot under any circumstances be held to be a favourable symptom of the maintenance of financial stability. The argument might be advanced that the expansion of trade generally was evidence of a corresponding increase in national wealth. Such a contention would possibly have some weight were it not for the fact that this expansion has been due to anything but steady development spread over a long period of peaceful years. It is all-important to remember that Japan's foreign trade took a distinct and sudden leap forward only after the false stimulus of two victorious campaigns. I refer to the stimulus as false because the distribution of borrowed money in the country inflated rather than increased the purchasing power of the people. The indemnity obtained from China enabled Japan to prepare for war with Russia. There has been no similar compensation as the result of this latest campaign. In spite of this circumstance, however, those

who are responsible for the destinies of Japan have not thought fit to curtail the expenditure on account of the expansion of armaments. Not content with maintaining the present colossal forces of the Empire, it is their fixed intention to increase those forces to such an enormous extent that their policy can only be aimed at securing the predominance, rather than maintaining the peace, over an area that is by no means restricted to what is commonly known as the Far East. Whatever specific purpose they may have in view is beyond the scope of the present chapter.

It is, however, within the limits of a discussion on the financial position of the country to draw attention to the highly significant programme as outlined on page 885. Although vast amounts, employed in the expansion of armaments, had been appropriated from the proceeds of loans, no sooner was the war concluded than an ambitious scheme of *post-bellum* enterprise was adopted involving, out of a total of some seventy-four millions sterling, the expenditure of £35,000,000 on the navy and £18,000,000 on the army. The remainder, £31,000,000, was to be devoted to productive undertakings. It was stipulated that the whole programme should be completed by the year 1920. During the twenty-seventh session (1911) the Government introduced an additional programme of naval expansion providing for a sum of £8,500,000 to be spread over a period of six years. It is plain to see, therefore, that in 1920 Japan will be the Germany of the Far East; for she will not only possess an enormous army capable of holding its own on the Asiatic Continent, but in the waters of the Pacific she will have a navy of overwhelming superiority. It was not long before the Government were forced to the conclusion that the pursuance of a policy which permitted of the expansion of armaments at the expense of productive enterprise was sapping the vitality of the nation. Devastating floods drew attention in a striking manner to the need for riparian improvements. Hence the elaboration, by Prince Katsura in 1911, of a programme for this purpose involving an expenditure of £20,000,000 in annual instalments to the year 1930. Then commercial as well as strategical considerations urgently dictated railway reform. The Government decided on a scheme calling for the expenditure of £33,000,000 in annual disbursements to

the year 1925. Altogether Prince Katsura's continuing programmes, including the scheme of naval expansion already alluded to, have committed the nation to a total expenditure of something like £61,000,000. To this amount must be added the seventy-four millions sterling provided for in the continuing programme elaborated by Marquis Saionji in 1907, making a grand total of £135,000,000. The whole of this enormous sum is to be found by the nation within a period of twenty-three years, that is to say, between the years 1907 and 1930, when the last of the series of programmes will have been completed. But, it should be emphasised, the bulk of the money will have to be provided before the year 1920. When we take into consideration all these circumstances, and at the same time reflect that the cost of maintaining the army and navy is at present enormous and shows a marked tendency to increase, that there is an excessive drain of specie annually out of the country, and that the people are already overburdened with taxation, the conclusion is compelled that the financial position of Japan is precarious. Nor, considerable as may appear the expenditure already decided upon, does it represent the limit of the Government's ambition. Already reports are being received of a still further programme of naval expansion. Moreover, it is not denied that many hundreds of millions must be spent if national development is to keep pace with the times. The total inadequacy of the railway system has already been dealt with in the course of this chapter. But there is in addition an insufficiency of good harbours and dockyards; telegraph and telephone services fail utterly to meet the requirements of the day; and municipal provision for the welfare of the masses is in a hopelessly backward state. Finally, the policy of encouraging trade by means of subsidies is proving a heavy charge on the national purse.

The Government, it will be recalled, have set forth a definite statement showing a finely balanced Budget for each year until 1920, the period when the greater part of the *post-bellum* programmes are to be completed. For the purposes of this grand estimate, it is calculated that the revenue will remain approximately the same, and that the expenditure in the aggregate will not increase. Then, if we are to believe Prince Katsura's original statement, mentioned earlier in

this chapter, the Government will incur no further foreign obligations. Japan, in short, is to live within her income. But there is absolutely no margin in sight for emergencies. A national calamity, such as an earthquake, a flood, or a famine, would inevitably produce a serious panic, and might conceivably bring about bankruptcy. Moreover, assuming that the present programme is rigidly adhered to, it cannot be expected that the country will make any marked social progress. Impartial observers of conditions that obtain in Japan will agree that the efficiency shown in military and naval matters does not characterise other departments of administration. Municipal control is sometimes conducted on an almost farcical scale. The responsibilities of the nation caused by its new position among the Powers of the world are bound to increase, and, in spite of sanguine estimates to the contrary, the expenditure will rise in proportion. The solitary hope of a corresponding increase in revenue rests upon the prospect that foreign trade will improve. But it is difficult to imagine how, without the introduction of more foreign capital, this can be realised in view of the enormous drain of specie which is destined to take place annually for the next twenty-six years and the widespread poverty which exists throughout the length and breadth of the land. The Japanese themselves do not possess the necessary capital with which to start new undertakings or even to develop existing industries on any serious scale. The number of men who possess any considerable wealth can be counted on the fingers of one hand, and these practically control the principal avenues of investment. Moreover, there is little prospect of an extensive development in the material resources of the country. Mining, as I have pointed out elsewhere in this book, is an ancient industry in Japan, and in their search for products throughout the centuries the natives have thoroughly exploited the land from end to end.

The change that has come over the country during the past few years, is, naturally enough, reflected in the individual Japanese as much as it is in the national policy. Thus, while the people as a whole have awakened to a sense of national responsibility, the individual has developed a realisation of his own personal importance in the scheme of life. More, perhaps, than in any other direction is this truth evident in his

mode of living. No longer is he content with *saké*, fish, and rice for his food, nor a plain matted room for his abode. There is a large demand for European wines and beverages, for meat and the expensive foods of the West generally; while the number of Japanese who are forsaking the cushion for the chair and the floor for the table is rapidly increasing. A similar change is noticeable in the matter of garb. Human experience tells us that where there is a craving for additional comfort the necessary money with which to defray the expenditure will be found at all hazards. It is to be feared that in Japan the demand for Western luxuries will for a considerable time more than counterbalance that increase in exports which an optimistic Government anticipate will result from the importation of the raw materials at present held responsible for the unfavourable balance in foreign trade. And, finally, as I have pointed out before, without increasing the national burdens, the present wholly inadequate railway system cannot be extended. How a country can progress when both the State and the individual are bereft of surplus capital is a problem which even an experiment will not solve.

The Government may adopt various means of postponing the evil day. For instance, they may negotiate new foreign loans, or by prolonging the period of redemption they may abandon their heroic plan of wiping out the existing National Debt within twenty-seven years. Merely to defer calamity, however, will not commend itself to wise statesmen. Some effort must be made to find a remedy. It is clear that the only remedy for the situation is an improvement in foreign trade, and that improvement must be effected with as little delay as possible if an acute crisis is not to be precipitated. The Government no doubt hope to obtain some measure of relief from the development of the resources of Manchuria and Korea; but for the time being the continental administration of Japan is a drain rather than otherwise on her exchequer. In view of the competition to which her people are exposed, owing to the activities of other nationalities—and in these must be included to some extent the enterprise, though limited, of the Chinese and Koreans on the spot—it is not altogether surprising that she should have sought by subtle means to violate the principles of the Open Door. Apart altogether from the enormous de-

velopment of trade essential in her continental possessions, it is no less imperatively necessary that the foreign trade of Japan herself should very considerably increase if the country is to attain to a position of financial stability. Those who are responsible for the welfare of Japan place their hopes for the future largely upon the beneficent influences of the tariff which is the outcome of her recently-acquired fiscal autonomy. They look forward to the restoration of a favourable balance of trade, and, consequently, to the improvement of the national credit in the world's money markets. But it is an extremely dangerous assumption to count upon the immediately advantageous operation of the protective duties as far as her export trade is concerned; and in no matter what light the question is viewed, it is beyond contradiction that at the present moment the financial position of Japan is precarious, and must remain so for some considerable period, in that her progress as a nation is wholly and solely dependent upon foreign capital.

It may not be inopportune at this point to refer briefly to the revision of the tariff which took place early in the year. Both in Parliament and in the press very general approval was expressed at what was termed the generous manner in which Japan had met the requirements of her ally; and the opinion was widely held that she had nobly sacrificed material benefits for considerations of national friendship. In proclaiming these opinions publicists and politicians alike showed evidence of lamentably short memory. For it must not be forgotten that the scale of duties as originally proposed by Japan detrimentally affected the trade of Great Britain more than that of any other country. Immediately there was an outcry from our merchants. Deputation after deputation, representing the manufacturing industries threatened by the operation of the tariff as at first expounded by Marquis Komura, waited upon the Foreign Office and the Board of Trade. The Chambers of Commerce throughout the country passed unanimous resolutions calling upon the Government to use their influence with Japan to induce her to modify the proposed scale of duties. Indeed the indignation of the commercial classes in Great Britain reached such a pitch that at one time the boycott of Japanese loans was seriously suggested.

Japan ultimately consented to grant the required concessions; but it would be hypocritical in the extreme to pretend that she was actuated by any motive save that of preserving at all costs the friendship of England, with the sole object of retaining at her disposal the wealth of England. As far as our commerce is concerned, there can be no doubt that the concessions are only of temporary advantage. Merchants having trade with Japan may benefit in the immediate future; but in the end it will be found that British interests in the real and comprehensive sense have suffered irreparably. The sacrifices that Japan has made in response to British agitation are looked upon in that country as establishing a claim to the continuance of our goodwill. Consequently it is to be assumed that the British money market will remain open to Japanese "raids"; and here again the old story holds good. The proceeds of loans negotiated in London, at low rates of interest, will be employed to set up manufactories in Japan, which will turn out goods to compete with British products in the markets of the Far East. In time Japan will become sufficiently independent to turn a deaf ear to our complaints, and she will then doubtless raise a tariff wall so high and so strong that it will be utterly impossible for us to effect a breach.

To return to the subject of Japan's present financial plight, it may be mentioned that at no time does it appear to have occurred to her statesmen that relief could be found by the curtailment of the huge annual expenditure on armaments. Adhering to the scheme of taxation devised during the war, taxation which exacts the uttermost farthing from the meagre pockets of her people, and relying on her foreign credit, Japan has never attempted to deviate from that policy which determines that the economic development of the country shall be a secondary consideration to the building up of a colossal army and an all-powerful navy.

The national policy in regard to the employment, in commercial and industrial undertakings, of funds borrowed from abroad, has always been not only to control the introduction of such capital, but also to restrict the returns to be derived by foreign investors. So soon as the railway companies began to raise mortgages abroad, the system was nationalised. The wisdom of this step cannot be denied, for

it would have been against the highest interests of State to have permitted the country's communications to be pledged as security to foreign bondholders. When, in the future, the Government find it necessary to raise money for the railways, the terms offered abroad will not, of course, be so advantageous as those negotiated by the private companies. Some few years ago the municipalities sought to borrow from capitalists, but the Government interfered and made it clearly understood that they would withhold sanction in respect of any loans that were not concluded through the medium of the Industrial Bank of Japan, a semi-official institution.

In 1906, 150,000 shares (equalling £750,000) in the Industrial Bank were offered and subscribed at par in London. In the same year a contract was concluded between this bank and the Korean Government whereby the former took over a £1,000,000 ten year bond from the latter at 90, bearing interest at 6½ per cent. The Korean Customs were pledged as security and a Government guarantee was given. Redemption was to begin in 1911. Of the total loan half a million sterling has already been borrowed from the bank for the purposes of new enterprises in Korea. This sum could only be found by employing the money realised by the Industrial Bank shares placed on the London market in 1906. Two years later the bank issued 5 per cent. sterling Debenture Bonds to the extent of £2,000,000, half in London and half in Paris. At the time it was officially stated that, "The proceeds of the present issue will be lent by the Industrial Bank of Japan, Limited, to the Government of Korea to be employed for the improvement of roads and harbour construction, water-works, and other works of utility in Korea, under the direction of the Imperial Japanese Resident General in Seoul." Several London newspapers observed that all appearances pointed to the fact that the issue of the bonds was undertaken to recoup the bank for the loan to the Korean Government, which at the time of the issue had practically been wholly expended for the identical purposes that were set forth in the prospectus as an inducement to people to take up the debentures. The authorities did not deny the suggestion that the money had been borrowed twice for the same purpose, but it can readily be understood that enormous sums will be required from time to time for the development of Korea.

The most significant feature of the transaction, however, is that British money, at the limited rate of 5 per cent., is financing Japanese projects in Korea.

In regard to Manchuria, a similar condition exists. The South Manchuria Railway, which was ceded to Japan by Russia and which is organised on the basis of a semi-official corporation, has raised the following amounts in London :—

*Five per cent. sterling Debenture Bonds.*—Issued £6,000,000, of which £4,000,000 at 97 in July 1907 and £2,000,000 in 1908 at 97½ per cent. The bonds have the unconditional guarantee of the Japanese Government, both as to interest and principal.

*Five per cent. Notes issued privately in June* 1908.—£2,000,000 at 98 per cent. These notes are guaranteed by the Japanese Government redeemable at par on June 1, 1911.

*Four and a half per cent. sterling Debenture Bonds.*—Issued £6,000,000 at 98 in January 1911 with the unconditional guarantee of the Japanese Government both as to interest and principal. Of the proceeds, £2,000,000 was devoted to the redemption of the notes which fell due on January 1st of this year.

The principal issue of the 5 per cent. bonds, amounting to £4,000,000, was not a conspicuous success, and the underwriters were compelled to take up about 40 per cent. According to treaty stipulations only Chinese and Japanese subjects can acquire shares in the South Manchuria Railway, and as the former have declined to accept any part in the undertaking, the control is exclusively Japanese. In the event of the remote possibility of the company being unable to meet its obligations, the Government would be compelled to fulfil their guarantee. But whatever contingency the future may hold, the debenture-holders could never take possession of the line, and it is difficult to see how, in the event of its confiscation as a result of war—a possibility which is not so remote as the former one to which I have alluded—they would stand in regard to a claim for compensation.

As in the case of Korea, therefore, British money at the limited rates of 5 and 4½ per cent. interest is being largely used in the furtherance of Japanese aims in Manchuria. This circumstance is rendered all the more significant when it is remembered that preference is given to Japanese goods

over the railway. Moreover, the money thus obtained in London is not necessarily confined to the development of the railway system alone; for the South Manchuria Company possesses large mining and other enterprises that are more or less in competition with British interests in the region of the Open Door. I have demonstrated that while the Japanese Government have for the time being ceased to borrow, there are other channels through which, indirectly, they may raise money abroad for the purposes of industrial expansion. We have already seen that municipal loans may be manipulated for Treasury purposes. The Industrial Bank is the medium for employing foreign capital at home and in Korea; the South Manchuria Railway Company is the medium for maintaining Japanese commercial predominance in Manchuria. But in both cases a large part of the money used is derived from British sources. The debenture-holders will receive their 5 per cent.; but, unless there is a speedy end to the fetish for everything Japanese, British trade in the Far East will decline 50 per cent. There can be no other prospect in view, so far as we are concerned. Japan possesses the advantage of proximity; she is hampered by the want of money. On the other hand, we are hampered by the disadvantage of distance; but instead of seeking compensations by withholding capital from the Japanese unless they are prepared to give us an actual share in the profits of industrial development and other undertakings, we are supplying their need for ready money in return for a secured though limited interest. In the long run British trade is destined to decrease as Japan progresses; but it appears to be a fatuous policy on our part to assist in prematurely bringing about the day of our decline by the ingenuous process of supplying our rivals with cheap money. The sole aim not only of the Government but of the individual in Japan at present is to oust the foreigner from the Far Eastern markets. The number of enterprises to which the outside investor has been admitted, as it were, on the ground floor, is infinitesimally small; the business of foreign merchants resident in the country is steadily depreciating; and the average Japanese, no matter how limited may be the scale of enterprise in which he is engaged, expects to obtain foreign money at a far cheaper

rate of interest than that which would be required were he to consult financiers in his own country.

I am fully aware that so long as sound securities are offered British money will be available. The soundness of those securities, however, largely depends upon the favour with which the borrower is regarded by the lender. The exaggerated estimate of the qualities of the Japanese that exists in the minds of the British people even to-day makes it possible for our trade rivals to finance their competition against us by means of money provided by us. For their purposes they cannot obtain sufficient funds elsewhere. The feeling in the United States is against Japan. The same applies in regard to Germany. France is the ally of Russia. Japan therefore is almost entirely dependent upon British money for her national prosperity. I have never suggested that we should altogether refuse financial assistance to Japan, for as we are large holders of her bonds, a policy that tended to encompass her bankruptcy would obviously be a foolish one. We should, however, insist upon better terms than we have hitherto obtained. This can only be achieved by strict insistence that Japan shall cease to place obstacles in the way of our merchants trading in the Far East; and that as the price of her industrial expansion she shall give us a real share in the profits in return for money invested. Let us remember that at the present moment the critical financial state of the country does not warrant the Government adding to its already heavy obligations by guaranteeing semi-official tradal concerns. Sufficient injury to our interests has already been accomplished. Foreign loans have added to the circulation of money in the country, and a considerable sum from the funds borrowed for the purposes of war has been devoted to subsidising shipping firms and other undertakings which enter into competition with British interests. Surely the time has arrived when we should reconsider our position. So soon as the investing public of Great Britain realise that the money they lend must of necessity be used to oust British trade from Far Eastern markets—not as some would have us believe, to develop those markets on the broad principles that make for the interests of world trade at large—they will regard debenture issues, semi-official and otherwise, with suspicion, and will demand what Japan must in these circumstances

inevitably pay—a far higher return for their investments. It should be borne in mind that not only are the territories in which Japan is politically predominant involved; the growing market of China is the stake at issue. From her own point of view the policy of Japan is wise so long as its course is smooth and successful. While on the one hand it enables her steadily to organise imposing forces in the Far East, on the other it affords her the opportunity of building up her commerce with her rival's money, and at the lowest possible cost to herself. In the end she may alienate her friends; for it cannot be denied that the basis of international friendship consists in community of interest. When that time arrives, however, she no doubt hopes to be sufficiently strong and prosperous to withstand the consequences.

At the present time Japan is merely providing the schemes, while we are supplying the money. And in the expenditure of this money we possess not the least measure of control. In an earlier part of this chapter I endeavoured to make it clear that Japan cannot withstand the perpetual drain of specie—in other words, she cannot in the long run avert national bankruptcy unless she expands her trade to an enormous extent. In her plans for attaining to financial stability on these lines she must resort to foreign sources, notably British, to obtain the necessary capital; there is no other way out of her difficulties. As her largest creditor it is not to our interest that she should undergo a prolonged financial crisis. Her geographical advantages render it inevitable that some day she will be predominant in the commerce of the Far East. It should not, however, be beyond our power to postpone that day and meanwhile, perhaps, to derive some share in her rise to prosperity by insisting that we shall be given a substantial return for our assistance.

NOTE.—Since the above was written the new Government has declared that in the main it will preserve a continuity of financial policy. In spite of drastic departmental economies the Budget for the year 1912–13 showed an increase in expenditure over that of the previous year amounting to about £400,000. There was an expansion of revenue to meet this expenditure. As an indication of Japan's waning credit it may be mentioned that during the present year, 1912, an attempt to float in London a large loan for the Tôkyô Municipality resulted in the underwriters having to retain more than 50 per cent. of the issue.

# TABLE I.

## ANNUAL REVENUE.

### ORDINARY.

| Year. | Taxes. | Stamp Receipts. | Receipts from Public Undertakings and State Property. | Interest on Deposits Transferred. | Fund for the Redemption of Taiwan Public Works Loan Transferred. | Other Miscellaneous Receipts. | Total. |
|---|---|---|---|---|---|---|---|
| | *Yen.* | *Yen.* | *Yen.* | *Yen.* | *Yen.* | *Yen.* | *Yen.* |
| 1902–3 . . . | 151,084,949 | 13,847,953 | 49,918,849 | 2,750,086 | 804,048 | 2,834,523 | 221,240,408 |
| 1903–4 . . . | 146,163,363 | 14,169,480 | 55,702,067 | 3,458,603 | 1,350,000 | 3,337,187 | 224,180,699 |
| 1904–5 . . . | 194,362,563 | 17,226,446 | 76,401,575 | 3,140,212 | 1,709,639 | 6,301,700 | 299,142,129 |
| 1905–6 . . . | 251,275,171 | 30,267,646 | 99,875,175 | 2,685,029 | 1,742,595 | 12,456,035 | 398,301,651 |
| 1906–7 . . . | 283,468,858 | 34,260,448 | 118,090,421 | 3,268,885 | 2,039,292 | 3,770,297 | 444,898,201 |
| 1907–8 . . . | 315,983,415 | 25,155,994 | 141,771,001 | 4,301,804 | 2,349,771 | 2,725,051 | 492,287,037 |
| 1908–9 . . . | 322,636,051 | 22,853,222 | 151,658,690 | 6,173,456 | 2,535,820 | 4,005,747 | 509,862,986 |
| 1909–10 . . . | 323,407,075 | 30,746,048 | 115,215,521 | 7,552,359 | 2,929,657 | 3,390,508 | 483,241,168 |
| 1910–11 . . . | 320,225,718 | 24,108,159 | 126,284,146 | 7,849,822 | 5,180,815 | 3,645,216 | 487,293,876 |
| 1911–12 . . . | 324,098,428 | 25,026,150 | 126,505,991 | 7,851,044 | 5,180,414 | 6,254,470 | 494,916,497 |

[1] Decline due to separation of Railway Accounts from Budget.

NOTE.—1 *yen* = 2s. 0.582d., or 100 *yen* = £10.2425.

# TABLE II.

## ANNUAL REVENUE—EXTRAORDINARY.

| | 1902–3 | 1903–4 | 1904–5 | 1905–6 | 1906–7 | 1907–8 | 1908–9 | 1909–10 | 1910–11 | 1911–12 |
|---|---|---|---|---|---|---|---|---|---|---|
| | *Yen.* | *Yen.* | *Yen.* | *Yen.* | *Yen.* | *Yen.* | *Yen.* | *Yen.* | *Yen.* | *Yen.* |
| Proceeds of sale of State Property | 1,343,020 | 1,051,265 | 776,191 | 1,240,884 | 2,886,527 | 2,456,292 | 2,749,949 | 2,239,760 | 2,118,816 | 2,309,294 |
| Local contributions to Expenses incurred by the State for the benefit of certain Prefectures | 1,197,141 | 1,088,800 | 20,000 | 833,309 | 1,330,298 | 2,428,118 | 1,076,679 | 1,035,635 | 1,497,901 | ... |
| River Improvement Works Fund transferred | ... | ... | ... | ... | ... | ... | ... | ... | ... | 12,845,467 |
| Proceeds of sale of 4 per cent. Chinese Indemnity Bonds | 33,301,800 | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Receipts from the Issue of Public Loans | 12,741,033 | 6,881,256 | 6,587,052 | 73,925,171 | 15,508,259 | ... | 823,764 | 2,580,240 | 3,045,000 | 15,084,199 |
| Chinese Indemnity transferred | 13,866,937 | 9,514,215 | 3,544,375 | 1,709,797 | ... | ... | ... | ... | ... | ... |
| Forestry Fund transferred | 1,553,382 | 1,864,944 | 1,790,913 | 952,720 | 1,771,830 | 2,194,921 | 2,463,534 | 2,278,825 | 2,957,742 | 2,755,728 |
| Transferred from Warships and Torpedo-boats Replenishment Fund | ... | ... | ... | ... | ... | 10,939,586 | 10,939,586 | 10,689,586 | 10,689,586 | 12,000,000 |
| Temporary Loans | 2,000,000 | 2,500,000 | ... | ... | ... | 1,000,000 | 1,650,000 | 750,000 | 800,000 | ... |
| Surplus of the preceding year transferred | 7,502,225 | 8,114,693 | 10,624,627 | 50,411,254 | 57,160,585 | 65,975,497 | 254,682,858 | 158,576,167 | 26,870,942 | 23,495,828 |
| Transferred from Surplus from Special Account for Extraordinary War Expenses | ... | ... | .... | ... | ... | 212,739,718 | ... | ... | ... | ... |
| Chinese Indemnity Receipt | 1,974,445 | 2,105,379 | 2,345,303 | 3,106,272 | 2,200,201 | 2,030,290 | 2,030,227 | 2,030,200 | 2,051,197 | 2,144,258 |
| Repayment of War Prisoners' Maintenance Expense | ... | ... | ... | ... | ... | 47,452,485 | ... | ... | ... | ... |
| Other miscellaneous receipts | 621,034 | 2,919,507 | 2,636,346 | 4,775,244 | 4,691,856 | 17,579,872 | 8,657,677 | 14,123,697 | 10,925,254 | 3,352,645 |
| Total | 76,101,016 | 36,040,059 | 28,324,807 | 136,954,650 | 85,549,555 | 364,796,780 | 285,074,274 | 194,304,109 | 60,956,438 | 73,987,419 |

NOTE.—1 *yen* = 2s. 0.582d., or 100 *yen* = £10.2425.

# TABLE III.

## ORDINARY AND EXTRAORDINARY REVENUE.

| Year. | Ordinary Revenue. | Extraordinary Revenue. | Grand Total. |
|---|---|---|---|
| | £ | £ | £ |
| 1902–3. . . | 221,240,408 | 76,101,016 | 297,341,424 |
| 1903–4. . . | 224,180,699 | 36,040,059 | 260,220,758 |
| 1904–5. . . | 299,142,129 | 28,324,807 | 327,466,936 |
| 1905–6. . . | 398,301,651 | 136,954,650 | 535,256.301 |
| 1906–7. . . | 444,898,201 | 85,549,555 | 530,447,756 |
| 1907–8. . . | 492,287,037 | 364,796,780 | 857,083,817 |
| 1908–9. . . | 509,862,986 | 285,074,274 | 794,937.260 |
| 1909–10 . . | 483,241,168 | 194,304,109 | 677,545,277 |
| 1910–11 . . | 487,293,876 | 60,956,438 | 548,250,314 |
| 1911–12 . . | 494,916,497 | 73,987,419 | 568,903,916 |

NOTE.—1 *yen* = 2s. 0.582d., or 100 *yen* = £10.2425.

## NOTE TO TABLE IV.

In connection with the Budget for 1909–10 it must be remembered that the cost and revenue from railways is not included. It was decided that from the year mentioned, the railways, which owing to cost of construction had hitherto proved a burden on the national exchequer, should be self-supporting. The estimates for the railways for the year 1909–10 were as follows .—

| | *Yen.* | *Yen.* |
|---|---|---|
| Profit . . . . . | | 38,000,000 |
| Debt charge . . . | 29,900,000 | |
| Reserve Fund . . . | 600,000 | |
| | | 30,500,000 |
| Balance . . . . . | | 7,500,000 |

The balance in hand will not be sufficient to meet the estimated cost for construction and improvement amounting to 29,000,000 *yen*. Consequently the difference of 21,500,000 *yen* was to have been met by a loan from the Government deposit department, a means to be adopted in the future whenever possible in order to avoid a call on the market. Thus it is seen that while the Government obtained assistance in balancing the Budget by separating the railways, the burden on the national finance has merely been transferred, not removed.

# TABLE IV.

## ANNUAL EXPENDITURE.

| Year. | Imperial Household. | Foreign Affairs. | Home Affairs. | Finance. | Army. | Navy. | Justice. | Public Instruction. | Agriculture and Commerce. | Communications. | Total. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1902–3 | 3,000,000 | 2,284,113<br>371,506 | 10,777,870<br>18,451,518 | 56,816,138<br>39,584,341 | 39,169,669<br>10,272,390 | 21,063,345<br>15,262,843 | 10,752,294<br>699,657 | 4,842,795<br>2,253,472 | 2,803,957<br>4,392,109 | 19,550,327<br>26,879,086 | 289,226,731 |
| 1903–4 | 3,000,000 | 2,718,644<br>1,598,177 | 10,884,797<br>16,056,147 | 52,945,142<br>4,976,136 | 39,355,388<br>7,529,174 | 21,530,237<br>14,587,620 | 10,741,731<br>599,460 | 5,073,574<br>1,673,900 | 2,922,711<br>6,845,464 | 20,589,690<br>25,968,138 | 249,596,131 |
| 1904–5 | 3,000,000 | 2,437,862<br>2,685,279 | 9,768,049<br>11,059,504 | 55,551,077<br>95,031,798 | 9,066,468<br>3,021,570 | 8,132,720<br>12,480,499 | 10,020,035<br>355,986 | 4,508,655<br>1,465,492 | 2,790,013<br>5,845,355 | 21,688,911<br>18,146,412 | 277,055,682 |
| 1905–6 | 3,000,000 | 2,458,701<br>2,570,736 | 9,226,183<br>5,273,089 | 82,105,452<br>220,233,577 | 8,535,794<br>2,573,377 | 12,332,139<br>11,079,802 | 9,870,599<br>249,289 | 4,632,605<br>1,032,967 | 2,655,145<br>6,288,805 | 21,864,783<br>14,758,161 | 420,741,205 |
| 1906–7 | 3,000,000 | 2,672,573<br>2,308,141 | 9,792,372<br>6,212,594 | 216,894,337<br>16,039,521 | 37,824,895<br>30,044,677 | 27,991,350<br>33,885,320 | 10,051,150<br>621,296 | 5,004,547<br>1,935,862 | 3,671,837<br>8,184,815 | 23,051,172<br>25,089,124 | 464,275,583 |
| 1907–8 | 3,000,000 | 3,672,002<br>5,194,625 | 10,596,688<br>10,463,023 | 253,866,891<br>10,284,166 | 49,916,237<br>76,127,490 | 31,292,936<br>40,979,384 | 10,825,253<br>742,945 | 6,026,286<br>1,038,518 | 4,923,538<br>11,774,742 | 24,448,275<br>47,227,961 | 602,400,959 |
| 1908–9 | 3,000,000 | 3,731,859<br>5,340,114 | 10,948,620<br>17,737,379 | 240,118,089<br>52,384,604 | 67,665,133<br>74,140,048 | 34,347,700<br>37,230,748 | 10,859,537<br>821,390 | 6,291,190<br>1,358,872 | 6,284,990<br>14,939,160 | 25,998,805<br>23,162,857 | 636,361,093 |
| 1909–10 | 3,000,000 | 3,873,683<br>396,502 | 11,227,250<br>9,903,622 | 191,403,758<br>27,330,356 | 69,601,504<br>36,564,497 | 35,143,432<br>35,902,959 | 11,659,286<br>912,601 | 6,361,495<br>969,605 | 6,558,315<br>8,250,759 | 55,364,396<br>18,469,614 | 532,893,635 |
| 1910–11 | 4,500,000 | 4,390,638<br>357,000 | 11,838,263<br>13,500,123 | 198,456,837<br>39,014,017 | 76,356,562<br>11,141,143 | 38,474,715<br>37,247,407 | 11,949,322<br>741,780 | 7,581,566<br>1,289,893 | 7,263,306<br>7,543,285 | 58,190,500<br>18,413,957 | 548,250,314 |
| 1911–12 | 4,500,000 | 4,249,027<br>240,057 | 11,828,477<br>19,041,202 | 187,478,214<br>40,880,764 | 76,371,236<br>22,021,133 | 40,746,338<br>46,063,392 | 11,722,752<br>765,076 | 9,032,170<br>801,113 | 7,323,853<br>8,087,229 | 56,889,810<br>20,862,073 | 568,903,916 |

NOTE.—1 *yen*=2s. 0.582d., or 100 *yen*=£10.2425.

NOTE.—Under the above headings bracketed groups show respectively the annual ordinary and extraordinary expenditure.

# TABLE V.

## TAXATION.

| TAXES. | 1902–3. | 1903–4. | 1904–5. | 1905–6. | 1906–7. |
|---|---|---|---|---|---|
| | *Yen.* | *Yen.* | *Yen.* | *Yen.* | *Yen.* |
| Land Tax . . | 46,505,391 | 46,873,086 | 60,939,781 | 80,473,022 | 84,637,498 |
| Income Tax . . | 7,460,692 | 8,247,177 | 14,369,933 | 23,278,377 | 26,348,739 |
| Business Tax . . | 6,777,047 | 7,049,251 | 12,601,542 | 18,784,656 | 19,770,159 |
| Tax on Liquors . | 63,923,965 | 53,128,084 | 58,751,602 | 59,576,142 | 71,100,004 |
| Tax on Soy . . | 3,555,229 | 3,544,528 | 5,108,829 | 5,272,875 | 5,601,458 |
| Sugar Excise . . | 4,145,773 | 6,942,969 | 8,362,294 | 11,348,317 | 16,156,704 |
| Consumption Tax on Textile Fabrics . | ... | ... | 4,423,766 | 5,319,899 | 5,037,515 |
| Mining Tax . . | 762,632 | 801,983 | 998,593 | 1,692,108 | 1,928,152 |
| Tax on Bourses . | 814,083 | 811,580 | 880,277 | 2,241,098 | 4,679,831 |
| Tax on the Issue of Bank Notes . | 1,120,895 | 823,603 | 1,906,234 | 2,472,089 | 1,692,285 |
| Tonnage Dues . | 387,488 | 430,530 | 465,066 | 538,435 | 580,581 |
| Customs Duties . | 15,501,469 | 17,378,303 | 23,159,731 | 36,757,382 | 41,853,533 |
| Travelling Tax . | ... | ... | 344,305 | 2,211,869 | 2,463,801 |
| Succession Tax . | ... | ... | ... | 629,684 | 1,405,425 |
| Consumption Tax on Kerosene Oil . | ... | ... | 1,882,983 | ... | ... |
| Other Taxes . . | 130,282 | 132,269 | 167,626 | 679,218 | 213,174 |
| Totals . . | 151,084,946 | 146,163,363 | 194,362,562 | 251,275,170 | 283,468,859 |

| TAXES. | 1907–8. | 1908–9. | 1909–10. | 1910–11. | 1911–12. |
|---|---|---|---|---|---|
| | *Yen.* | *Yen.* | *Yen.* | *Yen.* | *Yen.* |
| Land Tax . . | 84,973,927 | 85,418,391 | 85,693,955 | 77,580,519 | 75,072,765 |
| Income Tax . . | 27,291,875 | 32,144,098 | 32,800,432 | 31,977,671 | 32,968,278 |
| Business Tax . . | 20,383,940 | 23,574,427 | 25,112,330 | 25,303,507 | 24,184,783 |
| Tax on Liquors . | 78,406,323 | 83,590,684 | 91,480,101 | 87,781,857 | 88,727,350 |
| Tax on Soy . . | 5,474,691 | 4,859,425 | 4,731,800 | 4,500,932 | 4,630,864 |
| Sugar Excise . . | 16,178,234 | 19,684,318 | 13,270,189 | 15,243,211 | 14,727,283 |
| Consumption Tax on Textile Fabrics . | 19,114,902 | 19,316,736 | 18,778,324 | 18,705,515 | 18,617,564 |
| Mining Tax . . | 2,173,555 | 1,998,143 | 2,007,973 | 2,125,956 | 2,013,177 |
| Tax on Bourses . | 3,154,929 | 2,410,794 | 3,657,590 | 3,103,767 | 3,661,210 |
| Tax on the Issue of Bank Notes . | 3,329,916 | 1,775,465 | 720,140 | 1,184,317 | 1,032,897 |
| Tonnage Dues . | 610,458 | 583,008 | 568,761 | 591,349 | 587,410 |
| Customs Duties . | 50,027,305 | 40,067,807 | 36,423,860 | 45,411,327 | 50,514,465 |
| Travelling Tax . | 2,773,550 | 2,851,071 | 3,032,800 | 2,851,069 | 3,184,440 |
| Succession Tax . | 1,822,297 | 2,446,948 | 2,784,436 | 1,520,536 | 1,862,947 |
| Consumption Tax on Kerosene Oil . | 53,078 | 1,689,161 | 2,112,308 | 2,118,354 | 2,111,489 |
| Other Taxes . . | 214,435 | 225,574 | 232,168 | 225,831 | 201,506 |
| Totals . . | 315,983,415 | 322,636,051 | 323,407,075 | 320,225,718 | 324,098,428 |

NOTE.—1 *yen*=2s. 0.582d., or 100 *yen*=£10.2425.

# TABLE VI.

## THE GROWTH OF THE NATIONAL DEBT.

| Year. | Amount Redeemed. | Amount Outstanding at the End of the Year. | Debt per Head. | Year. | Amount Redeemed. | Amount Outstanding at the End of the Year. | Debt per Head. |
|---|---|---|---|---|---|---|---|
| | *Yen.* | *Yen.* | *Yen.* | | *Yen.* | *Yen.* | *Yen.* |
| 1874 | 795,130 | 46,963,322 | 1.397 | 1892–93 | 50,244,537 | 261,137,822 | 6.309 |
| 1875 | 776,117 | 56,417,755 | 1.659 | 1893–94 | 13,310,871 | 266,814,851 | 6.381 |
| 1875–76 | 1,114,828 | 55,302,927 | 1.611 | 1894–95 | 4,108,797 | 295,807,284 | 6.998 |
| 1876–77 | 1,894,749 | 53,415,578 | 1.543 | 1895–96 | 6,990,059 | 371,759,995 | 8.795 |
| 1877–78 | 975,767 | 67,773,861 | 1.942 | 1896–97 | 12,119,860 | 383,335,135 | 8.868 |
| 1878–79 | 3,469,705 | 250,026,051 | 6.990 | 1897–98 | 11,247,107 | 421,245,928 | 9.221 |
| 1879–80 | 3,573,632 | 246,744,059 | 6.868 | 1898–99 | 8,256,554 | 413,253,124 | 8.939 |
| 1880–81 | 3,779,711 | 246,008,873 | 6.766 | 1899–1900 | 11,644,875 | 502,967,249 | 10.728 |
| 1881–82 | 2,542,048 | 244,288,740 | 6.656 | 1900–01 | 9,775,704 | 508,464,195 | 10.703 |
| 1882–83 | 7,378,517 | 237,424,078 | 6.414 | 1901–02 | 10,240,705 | 524,226,140 | 10.879 |
| 1883–84 | 10,426,165 | 227,370,963 | 6.071 | 1902–03 | 13,543,779 | 552,180,811 | 11.304 |
| 1884–85 | 4,290,084 | 239,499,474 | 6.324 | 1903–04 | 3,218,290 | 561,569,751 | 11.325 |
| 1885–86 | 5,089,737 | 240,992,772 | 6.258 | 1904–05 | 219,455 | 991,288,140 | 19.791 |
| 1886–87 | 21,019,742 | 229,923,485 | 5.885 | 1905–06 | 40,472,504 | 1,872,381,121 | 36.965 |
| 1887–88 | 26,477,923 | 246,011,052 | 6.211 | 1906–07 | 176,916,170 | 2,217,722,753 | 43.256 |
| 1888–89 | 31,126,367 | 240,839,730 | 6.010 | 1907–08 | 247,312,131 | 2,276,346,452 | 43.860 |
| 1889–90 | 15,970,259 | 255,227,771 | 6.309 | 1908–09 | 97,297,030 | 2,228,306,822 | 42.341 |
| 1890–91 | 5,338,551 | 275,236,670 | 6.759 | 1909–10 | 130,134,009 | 2,582,804,313 | 48.401 |
| 1891–92 | 24,167,111 | 270,532,009 | 6.584 | 1910–11 | 453,686,988 | 2,650,395,115 | 51.960 |

NOTE.—Latest Japanese statistics do not include a loan, carrying with it no interest, which has been in existence since 1890 for the purpose of redeeming an early issue of paper money. For the sake of accuracy this national liability should be added both to the above and to the two foregoing tables. The amount stands at 22,000,000 *yen*—approximately £2,200,000.

# XXXVIII

## TRADE AND INDUSTRY

THERE is no aspect of the Far Eastern situation which has attracted more attention than that of the progress made by Japan in trade and industry. On the one hand it has been urged that, with her abundant supply of cheap labour and her proximity to great markets, she will attain an enduring supremacy, not only in China, but also in other regions lying east of Suez; on the other, the opinion has been expressed with equal confidence that the low state of her finances renders commercial advancement on a large scale impossible in the immediate future, and that as her economic conditions are rapidly adjusting themselves to a standard consistent with that prevailing in the West, she will retain only one advantage over her competitors—an advantage which geographical situation gives to her. From a careful perusal of the preceding three chapters the conclusion will make itself apparent that many years must necessarily elapse before Japan has recovered from the financial losses sustained in the war with Russia; and that, unless her affairs are managed with businesslike acumen no less than with statesmanlike foresight, she may sustain shocks to her industrial system of a magnitude likely to imperil her stability as a nation. Always providing that her administration remains efficient, developing honest enterprise among all sections of the community, then there is no reason why she should not secure, and retain for a considerable period—a period that must necessarily end when China awakens to a sense of her own power in the world—the supremacy in the trade of the vast regions of the Far East. This supremacy, however, will not be won so easily as some people imagine. That its attainment is at present the set purpose of her statesmen is clear to all competent observers. One of the objects

of the present chapter is to describe with impartiality both the obstacles and the advantages that lie before Japan in her progress towards tradal predominance. There is no doubt that hitherto an exaggerated idea concerning the value of the resources of the country has prevailed. To begin with, the mineral wealth is not by any means so great as we have been led to suppose. The Japanese themselves have thoroughly exploited the land in search of minerals, and any further discoveries of importance cannot reasonably be anticipated. In other directions there is not wanting evidence that they have failed to make the most use of their natural resources. Only one-sixth of the total area of Japan proper is under cultivation, or little more than half of the total area estimated as available for arable land. It is not, therefore, surprising to find that Japan consumes more rice than she produces, and that she is compelled to import annually from foreign sources large quantities of this staple food. In view of these circumstances the plea so often urged that expansion on the continent had become essential owing to the over-crowded state of the population, cannot altogether be accepted, and it must therefore be held that the war with Russia was largely the outcome of political expediency rather than of national necessity. With a view to increasing the area of arable land, the ultimate object of which would be to render the country self-supporting in the matter of food supplies, the Government has adopted various measures of encouragement, and among these may be mentioned the founding of banks for the supply of capital at cheap rates, of experimental stations, and of scientific departments for investigation. Moreover, woodlands are being converted into rice farms, roads constructed, and endeavours made to induce the peasants to employ modern implements and machinery. There is, however, a tendency among the masses to desert the peaceful pursuits of the fields for the more remunerative occupations provided in the many manufacturing industries that are springing up throughout the length and breadth of the land.

The Japanese have frequently been represented as a poor, though, at the same time, an extremely contented race.

This view may perhaps have been true of them some years ago, but the introduction of Western ways, no less than of Western luxuries, has produced a widespread desire for a higher standard of comfort. Large numbers are emigrating to Manchuria and Korea, where the prospect of fortune has been held out to them. When it is remembered that at least 60 per cent. of the population are engaged on the land, it will instantly be realised that if there is to be an extensive development of agriculture, little margin of labour will be left for manufacturing enterprises and for the exploitation of continental territories. At present a farmer working 2½ acres can support a family of six on the minimum expenditure of 20 *yen* (£2) per month. For the most part he can produce all the food necessary for his own consumption, and 10 *yen* (£1) will cover rent, cost of clothes, and minor outlays. Naturally, his life is led under conditions more or less primitive, conditions with which, in view of the demand for labour in the large centres of industry, it is extremely unlikely he will long remain content.

The advent of machinery, with its consequent reduction in the employment of hands, will also have the effect of bringing about a change in agricultural conditions. To-day, bears' claws are still used for weeding in the mud between the rice rows in wet fields; the narrow-blade plough, and the foot-tread machine for irrigating purposes, are still in use; and sowing, harvesting, and threshing of grain is done by hand. Official returns show that the annual increase in the area of rice plantation is not keeping pace with the growing consumption, nor does the increasing yield, due to the gradual adoption of scientific methods, make up the deficiency. It is clear, therefore, that in spite of the measures of encouragement adopted by the Government, and in view of the growing demand for labour for manufacturing purposes, Japan cannot reasonably look forward to becoming wholly self-supporting in the matter of food supplies. Moreover, as already stated, the habits and tastes of the people are undergoing a change that will doubtless tend ultimately towards a diminished consumption of rice, and the substitution of Western foods. This change was recently described by the Vice-Consul-General for America at Yokohama who, in the course of a report to the Pacific Coast Chambers of Commerce,

observed that bread, meat, and potatoes had been added to the former diet of the Japanese, which consisted of fish and the vegetables indigenous to the country. "The men at the front during the Russo-Japanese war," he added, "were often fed on beef and bread or biscuits made from American flour, and this created a taste or appetite which had to be catered to on their return; and other articles followed, so that during and after the war there was considerable increase in the use of meats and flour, canned goods, fresh and condensed milk, butter, and foreign foods generally. There were a great number of farm hands in the Japanese army during the war, and the use of meat and other unusual articles of diet led to the increased demand for these commodities on the return of these men from the front. This change is felt less, however, among the farm hands than among any other classes, although more potatoes and bread are consumed by this class than was the case with them prior to the war with Russia. There was a gradual adoption of foreign (American or European) style of clothing for manual labourers, as the demand for such labourers increased. The usual Japanese costume is ill-suited for the workshop, factory, or store where clothing permitting freer movement is required, and foreign dress was made compulsory in certain occupations. Foreign-style clothing being also required in the army and navy led to increased familiarity with it and increased demand after the war. The experience of soldiers in the cold of a Manchurian winter led to a demand for warmer clothing, woollen goods, &c. An example of the increased demand for warm clothing is shown by the orders for men's underwear."

Previous to the war with Russia flour mills in Japan produced 1,500,000 sacks annually. The industrial boom that followed the conclusion of peace was responsible for doubling the number of mills, and for increasing the total output to 10,700,000 sacks. At present the quantity produced is not sufficient for the home demand. The deficit is made up by imports from America, Canada, and Australia, and although the tariff has been raised mill-owners are complaining that they are unable to hold their own against foreign competitors. The cultivation of wheat in the country is making steady progress, a circumstance which is in itself illustrative

of the changing habits of the people. Next to agriculture, fisheries give the most employment in Japan. Altogether 15 per cent. of the total population earn a livelihood by exploiting the products of the sea. In this, as in other spheres of industrial activity, the methods of the West are beginning to find favour. Only recently several steam trawlers were purchased from England, and although their advent in Japanese waters was at first received with hostility by the native fishermen, public opinion has come to recognise that opposition in the form of boycott and obstruction cannot check the introduction of enterprise on modern lines.

The most promising of natural resources as yet in an undeveloped state is that of the forests of the country. So far no reliable surveys have been made which would enable an estimate to be formed of their real value. The following statistics, the latest compiled, show the area covered by forests in comparison with that of other countries :—

| Countries. | Total Area. | Forests. | Percentage of Forests to Total Area. |
|---|---|---|---|
| | Acres. | Acres. | |
| Japan (including Formosa) | 88,107,000 | 54,609,000 | 61.9 |
| England | 77,109,000 | 3,038,000 | 5.9 |
| France | 132,506,000 | 20,741,000 | 15.6 |
| Germany | 133,364,000 | 13,995,000 | 10.5 |
| Austria | 74,178,000 | 24,151,000 | 32.5 |
| Hungary | 80,275,000 | 22,198,000 | 27.6 |
| Italy | 70,821,000 | 11,111,000 | 15.7 |

One-third of the total area of forest land is owned by the State. Until recently this important source of revenue was sadly neglected. In their desire to obtain funds for the Exchequer the authorities felled trees on an extensive scale and failed to take any adequate measures for re-afforestation. The average annual output of lumber has barely exceeded £5,000,000, a sum which compares very unfavourably with the £10,000,000 derived from the far smaller area of forest lands in Prussia. As a result, however, of the development of commerce and industry in Japan, and the large demand in consequence for timber, attention has been drawn to the need for the scientific management of all matters connected with the exploitation, no less than the

preservation of forests. From time to time special grants of money have been made to those engaged in the industry, and five years ago a law was promulgated with the object of preventing destruction, and of encouraging the planting of new trees. Among other things this provided in certain instances for the remission of taxation, and for the development of areas, formerly protected, in regard to which provision was made for the regulation of profits derived. Altogether it is estimated that 500,000,000 trees are planted annually to make up for depletions. The Government have established a number of timber mills throughout the country, but it is their intention at present only to supply merchants in Japan and Government enterprises in Manchuria and Korea, and not to engage in export trade on a large scale. If, however, the forests are to be developed to any serious extent an enormous amount of capital will be required. Many of the richest tracts are situated in mountainous regions difficult of access, and the opening up of the country by means of railway and road construction must necessarily precede exploitation. The Government, hampered by want of funds in all departments of State, cannot anticipate in the immediate future a large addition to the revenue from this branch of industry. In order, therefore, to bring about national prosperity they must turn to other sources of wealth. With 60 per cent. of the population engaged in agriculture, another 15 per cent. in maritime enterprise, and with large numbers emigrating to Manchuria and Korea, it is clear that manufacturing industries can only be extended by withdrawing labour from the soil and the sea. It has already been shown that in spite of the fact that a majority of the population find occupation on the land, the production of rice is not sufficient for home consumption, and that, consequently, energetic measures are being taken to increase the arable land under cultivation. But it is difficult to see how this object can be achieved, and at the same time export trade developed to such an extent as to ensure the nation an annual balance in its favour. It is more than ever transparent that Japan did not stand in need of colonial expansion in order to provide her people with adequate room in which to live. In other words, at the time of her war with Russia she possessed no surplus

population. Moreover, it cannot be denied that she undertook the reform of Korea and the development of southern Manchuria long before she had exhausted her own natural resources, and long before she had attained a high state of efficiency in regard to the management of her own affairs—the construction of roads and railways adequate to the needs of a growing community, and the formation of a settled policy having for its object the promotion of national wealth, the regulation of private enterprise, and the security of labour. While anxiety for the safety of the Empire was the determining factor in the decision of her statesmen to wage war with Russia, there is no doubt that at the same time they were not unmindful that on the continent of Asia were to be found resources far richer and far easier of exploitation than the pastoral possibilities, the mountain forests, and the fisheries of Japan. They also realised that with political prestige comes commercial progress; and the enormous leaps and bounds made by Japanese trade in the periods that followed the wars with China and Russia would, on the surface, appear to afford proof of the practical motive which inspired their policy. The following figures, prepared in 1908 by a former Commissioner for Canada, refer to progress made in Japan over a period of twenty years, but it must be remembered that an abnormal stimulus was given to trade and industry after the two great conflicts to which reference has already been made:

The public revenue of Japan has increased 699 per cent., and the expenditure 775 per cent.

The Customs revenue has increased 1358 per cent.

Japanese mercantile tonnage of ships has increased 1847 per cent., the number of steamships have increased 431 per cent., and the steamship tonnage has increased 1574 per cent.

Bank loans have increased 10,114 per cent., and the record of clearing-houses has increased 32,274 per cent.

Railroads have increased from 470 miles to 5000 miles, and the tonnage of railway freight has increased from 320,000 to 21,440,000.

The value of life insurance policies in force has increased from £70,000 in 1882 to £37,000,000 in 1907.

Motive power in factories has increased from 6300 to 234,000 horse-power.

Deposits in banks have increased from 3 millions to 128 millions sterling.

The capital of incorporated companies has increased from 17 millions to 97½ millions sterling.

When it is remembered that half a century ago the Japanese were dependent solely upon handicrafts for their livelihood, the significance of the following table, showing the number of factories in the country worked by machinery, will be readily understood :—

| Factories Classified (1910). | Worked by Machinery. | | Factories Classified (1910). | Worked by Machinery. | |
|---|---|---|---|---|---|
| | One Kind. | Two or more Kinds. | | One Kind. | Two or more Kinds. |
| *Textile Factories*— | | | *Chemical Factories (continued)*— | | |
| Silk Filature . . | 1,842 | 666 | Gums . . . . | 11 | 4 |
| Spinning . . . | 44 | 90 | Soaps and Candles | 42 | 1 |
| Throwing . . . | 200 | 18 | Artificial Manures | 38 | 12 |
| Floss Silk-making | ... | ... | Miscellaneous . . | 10 | 3 |
| Cotton Ginning and Refining | 110 | 9 | *Food and Drink Factories*— | | |
| Weaving . . . | 1,084 | 498 | Brewery . . . | 425 | 30 |
| Bleaching, Dyeing, and Finishing . . . | 221 | 31 | Sugar-mills . . | 10 | 6 |
| Knitting and Braiding . . | 61 | 7 | Tobacco . . . | 79 | 8 |
| Miscellaneous . . | 194 | 17 | Tea . . . . . | 33 | 4 |
| *Machine and Iron Factories*— | | | Rice and Flour Mills . . . | 396 | 46 |
| Machine-making . | 475 | 39 | Lemonade, Ice, and Mineral Water . . | 63 | 8 |
| Ship-building and Carriage-making . . . . | 43 | 25 | Confectionery . . | 55 | 6 |
| Tool-making . . | 161 | 20 | Canning and Bottling . . | 34 | 2 |
| Foundry, Metal and Metalware-making . . | 351 | 61 | Miscellaneous . | 94 | 3 |
| *Chemical Factories*— | | | *Miscellaneous Factories*— | | |
| Ceramic . . . | 127 | 29 | Printing and Publishing . . | 372 | 36 |
| Paper-mills . . | 81 | 30 | Paper Goods . . | 14 | 3 |
| Lacquer-ware . . | 2 | ... | Wood and Bamboo Work . | 636 | 38 |
| Leather and Fur Dressing . . | 12 | 2 | Leather Goods . | 5 | 1 |
| Explosives . . . | 19 | 1 | Feather Goods . | 12 | 1 |
| Oils and Waxes . | 64 | 17 | Miscellaneous . . | 157 | 20 |
| Medicines, Chemicals, &c. . . | 36 | 12 | *Special Factories*— | | |
| Dye-stuff, Paints, Varnishes, Lacquers, Pigments, and Pastes . | 15 | 5 | Electrical Industry | 5 | 81 |
| | | | Gas Industry . . | 5 | 4 |
| | | | Metal Refineries . | 19 | 4 |
| | | | Total . . | 7,657 | 1,498 |

While the foregoing statistics indicate the striking progress of Japan as a manufacturing country, they are by no means all the evidence that can be produced to show the extent of her industrial system. A large amount of work in the case of all staple products is done by the operatives in their own homes. The following table shows the growth of the import and export trade over a period of thirty-five years :—

| Year. | Exports. | | Imports. | | Total of Exports and Imports. | | Excess of Exports over Imports. | Excess of Imports over Exports. |
|---|---|---|---|---|---|---|---|---|
| | Total Value. | Per Head. | Total Value. | Per Head. | Total Value. | Per Head. | | |
| | *Yen.* | *Yen.* | *Yen.* | *Yen.* | *Yen.* | *Yen.* | *Yen.* | *Yen.* |
| 1877 | 23,348,522 | 0.68 | 27,420,903 | 0.80 | 50,769,425 | 1.48 | ... | 4,072,381 |
| 1878 | 25,988,140 | 0.76 | 32,874,834 | 0.96 | 58,862,974 | 1.72 | ... | 6,886,694 |
| 1879 | 28,175,770 | 0.79 | 32,953,002 | 0.92 | 61,128,773 | 1.71 | ... | 4,777,232 |
| 1880 | 28,395,387 | 0.79 | 36,626,601 | 1.01 | 65,021,988 | 1.80 | ... | 8,231 214 |
| 1881 | 31,058,888 | 0.85 | 31,191,246 | 0.86 | 62,250,134 | 1.71 | ... | 132,358 |
| 1882 | 37,721,751 | 1.02 | 29,446,594 | 0.80 | 67,168,345 | 1.82 | 8,275,157 | ... |
| 1883 | 36,268,020 | 0.98 | 28,444,842 | 0.77 | 64,712,861 | 1.75 | 7,823,178 | ... |
| 1884 | 33,871,466 | 0.90 | 29,672,647 | 0.79 | 63,544,113 | 1.69 | 4,198,818 | ... |
| 1885 | 37,146,691 | 0.98 | 29,356,968 | 0.78 | 66,503,659 | 1.76 | 7,789,724 | ... |
| 1886 | 48,876,313 | 1.27 | 32,168,432 | 0.84 | 81,044,745 | 2.11 | 16,701,881 | ... |
| 1887 | 52,407,681 | 1.34 | 44,304,252 | 1.13 | 96,711,933 | 2.47 | 8,103,429 | ... |
| 1888 | 65,705,510 | 1.66 | 65,455,234 | 1.65 | 131,160,744 | 3.31 | 250,276 | ... |
| 1889 | 70,060,706 | 1.75 | 66,103,767 | 1.65 | 136,164,472 | 3.40 | 3,956,939 | ... |
| 1890 | 56,603,506 | 1.40 | 81,728,581 | 2.02 | 138,332,087 | 3.42 | ... | 25,125,074 |
| 1891 | 79,527,272 | 1.95 | 62,927,268 | 1.55 | 142,454,541 | 3.50 | 16,600,004 | ... |
| 1892 | 91,102,754 | 2.22 | 71,326,080 | 1.74 | 162,428,833 | 3.96 | 19,776,674 | ... |
| 1893 | 89,712,865 | 2.17 | 88,257,172 | 2.13 | 177,970,036 | 4.30 | 1,455,623 | ... |
| 1894 | 113,246,086 | 2.71 | 117,481,955 | 2.81 | 230,728,042 | 5.52 | ... | 4,235,869 |
| 1895 | 136,112,178 | 3.22 | 129,260,578 | 3.06 | 265,372,756 | 6.28 | 6,851,600 | ... |
| 1896 | 117,842,761 | 2.76 | 171,674,474 | 4.02 | 289,517,235 | 6.78 | ... | 53,831,714 |
| 1897 | 163,135,077 | 3.77 | 219,300,772 | 5.08 | 382,435,849 | 8.85 | ... | 56,165,694 |
| 1898 | 165,753,753 | 3.79 | 277,502,157 | 6.34 | 443,255,909 | 10.13 | ... | 111,748,404 |
| 1899 | 214,929,894 | 4.86 | 220,401,926 | 4.98 | 435,331,820 | 9.84 | ... | 5,472,032 |
| 1900 | 204,429,994 | 4.56 | 287,261,846 | 6.41 | 491,691,840 | 10.97 | ... | 82,831,852 |
| 1901 | 252,349,543 | 5.55 | 255,816,645 | 5.61 | 508,166,188 | 11.16 | ... | 3,467,102 |
| 1902 | 258,303,065 | 5.61 | 271,731,259 | 5.90 | 530,034,323 | 11.51 | ... | 13,428,194 |
| 1903 | 289,502,443 | 6.19 | 317,135,518 | 6.79 | 606,637,960 | 12.98 | ... | 27,633,075 |
| 1904 | 319,260,896 | 6.76 | 371,360,739 | 7.87 | 690,621,634 | 14.63 | ... | 52,099,843 |
| 1905 | 321,533,610 | 6.74 | 488,538,017 | 10.25 | 810,071,627 | 16.99 | ... | 167,004,407 |
| 1906 | 423,754,892 | 8.80 | 418,784,108 | 8.70 | 842,539,000 | 17.48 | 4,970,784 | ... |
| 1907 | 432,412,873 | 8.88 | 494,467,346 | 10.15 | 926,880,219 | 19.01 | ... | 62,054,473 |
| 19-8 | 378,245,673 | 7.68 | 436,257,462 | 8.86 | 814,503,135 | 16.54 | ... | 58,011,789 |
| 1909 | 413,112,511 | 8.21 | 394,198,843 | 7.84 | 807,311,354 | 16.05 | 18,913,668 | ... |
| 1910 | 458,428,996 | 9.00 | 464,233,808 | 9.11 | 922,662,804 | 18.11 | ... | 5,804,812 |

*Note.*—The values of the exports represent the price at the port of shipment. The values of the imports prior to 1889 represent the original price, and in that and subsequent years the cost, insurance, and freight. During the eleven months ending November 1911 there was an adverse balance of trade amounting to *Yen* 67,000,000 (£6,700,600).

*Yen*=2s.

The enormous increase of Japanese trade is evidenced by the fact that since 1874 the total value has risen by over

2000 per cent. Figures of this kind have no doubt produced alarm among international competitors in the markets of the Far East. It must not, however, be overlooked that, compared with the position of other countries, the aggregate trade of Japan is small. For instance, the total value *per capita* of the trade of Japan averages only £1, 14s., while that of the United Kingdom is £22, 4s. 6d., of Germany £12, 10s. 9d., and of the United States £8, 4s. 8d. More than one-half of the imports consist of raw material or articles partly manufactured, while one-third of the exports are wholly manufactured articles. These circumstances afford conclusive proof of the advance made by Japan as a manufacturing nation. The lack of capital and the incompetence, no less than the dishonesty, to be met with among a large section of her traders, will present serious obstacles to the attainment of her commercial supremacy in the markets east of Suez.

**Silk.**—Of the total value of the export trade of Japan the silk industry alone accounts for about one-third. It will be seen, therefore, how extremely important it is for the sake of the prosperity of the nation that this source of wealth should be steadily maintained. In 1910 the export of silk of all kinds yielded £18,320,000, which represented an increase of no less than £11,000,000 over a period of ten years. The revenue derived from this branch of trade was made up as follows: raw silk, £14,000,000; waste silk, £860,000; silk tissue, £2,960,000; and silk handkerchiefs, £500,000. As a raw silk producing country Japan ranks second only to China. Like many other of her national assets, both material and intellectual, she owes her possession of this valuable source of revenue to the enterprise of her great continental neighbour in byegone years. History records that as far back as 195 A.D. a Chinese prince brought to Japan several specimens of silkworm, and nearly a hundred years later a second prince arrived in the country with a number of skilled workmen, who taught the Japanese the art of weaving. The Court itself gave encouragement to the experiment by planting under its own guidance a number of mulberry trees, and

rearing worms. About the beginning of the eighteenth century the industry received a set-back, owing to the strict enforcement of the law which forbade the common people wearing silk. The opening of trade ports in 1859, a period when the Japanese found that however objectionable might be the presence of foreign barbarians in their midst, the profits they dispensed were exceedingly welcome, gave a much-needed stimulus to sericulture. It would appear, however, that the partiality shown by the Japanese for Protection, existed in a very stringent form in earlier times, for, owing to the existence of an old law forbidding the exportation of silkworms under penalty of death, this branch of trade was conducted in great secrecy. The foreign merchants have been mainly responsible for bringing about the present prosperous state of the industry. Without their services in the capacity of intermediaries there can be no denying the fact that progress would have been considerably retarded, and that the revenue of Japan, to which transactions in silk contribute so generously, would not have been nearly as large as it is to-day. The Japanese also owe much to the enterprise of foreigners in other branches of the industry. The primitive methods that were first employed, produced only an inferior quality of silk, and it was not until the Government engaged experts to teach reeling as practised in Italy and France, that the trade began to thrive. The authorities were not slow to realise that the climate of the country no less than the conditions of cheap labour, both male and female, were exceptionally well suited to the promotion of sericulture. In a variety of ways they gave encouragement to those who followed the industry. Regulations were issued with a view to maintaining a high standard in the quality of silk produced ; guilds with power to supervise production were founded ; a laboratory for the investigation of silkworm diseases, a conditioning-house at Yokohama, and technical schools in all parts of the country were established ; instructors were sent in all directions in order to teach the best methods to those engaged in the industry ; and in certain instances financial assistance was forthcoming. At the present time it is estimated that nearly a million and a half families are employed in raising silkworms, while another half million

families or manufacturers find occupation in the raw silk branch of the industry. Altogether three crops are raised during the year, and all parts of the country, not excepting distant Hokkaidō, where, however, owing to the cold weather only two crops can be obtained, are suitable for production. The area devoted to the cultivation of the mulberry tree approaches nearly a million acres, and every available inch of land, even along the river banks and by the sides of fields, is utilised. The farmers exhibit a patience and a skill which enable them to obtain the best possible results from their labours. In fact the practice of sericulture is peculiarly suited to the character of the Japanese, who are capable of bestowing an infinite amount of time and attention to the minutest detail.

Of the exports of manufactured silk, over one-third of which are purchased by the United Kingdom, the principal kinds are handkerchiefs, taffeta, crêpe, satins, and silk muslin. Within the past fourteen years the total trade has increased threefold. Unfortunately there have been a number of very serious complaints concerning the inferior quality of material produced, and it is feared that unless there is some marked improvement the manufacturing industry will not survive. Evidence in support of this statement is provided in the trade report for 1910, compiled by Mr. R. Boulter, Acting Commercial Attaché at Tōkyō.

"During the year," he wrote, "the Yokohama Association of Foreign Silk Piece-Goods Merchants approached the Japanese authorities with reference to complaints received of the loading of silk handkerchiefs with magnesia and sugar, and obtained the promise of their assistance in the event of further cause for complaint arising.

"This association also took up the questions of the inspection and marking of habutæ in the producing districts with the Japanese authorities. The Minister of Agriculture and Commerce, who, while on a visit to Europe in the summer had personally received complaints as to the inferior quality, short lengths, &c., of Japanese habutæ from silk merchants in Lyons and London, supported the association in the former matter, with the result that, at the end of the year, there was a prospect of the inspection of habutæ being

placed entirely under the control of the prefectural authorities in the producing districts. A subsidy will probably be granted by the Government with the object of increasing the number of inspectors and establishing a uniform standard of inspection."

The silk trade affords a striking indication of the strenuous efforts that are being made by the Japanese to dispense with foreign middlemen. For instance, out of 70,444 boxes of material shipped to the United States during 1907–8, nearly two-thirds of the total consignments were despatched by Japanese firms, only 26,755 being forwarded by the twenty-five foreign firms engaged in the same business. Two years ago, the Yokohama foreign Board of Trade issued a statement replying to certain utterances made by a well-known French silk dealer, who, in ignorance of the conditions prevailing in the country, had urged the Japanese to dispense with the commissions of "go-betweens." From this document I quote the following passage because it affords an insight into the relations existing between Japanese manufacturers and foreign merchants:

"Whether the silk be exported by Japanese or foreigners, it must ultimately and necessarily be purchased by the distributing houses in foreign countries. The greater portion of the manufactured silks exported from Japan are shipped by the exporting firms direct to these distributing houses, in many instances the buyer and the seller being intimately related, either as partners or as agents, the one for the other. Consequently there is no opportunity for eight or twelve commissions to be charged by various intermediaries. The foreign merchant initiated and has developed the trade in Japanese manufactured silks in the face of many difficulties. Knowing the peculiarities and possibilities of both markets, he fulfils a function advantageous alike to the Japanese producer and to the foreign consumer; on the one hand, able to convey the wants and wishes of the ultimate purchasers, and on the other to guarantee the correct execution of orders entrusted to his care. Attempts to eliminate the foreign exporter, whether coming from interested parties abroad or from a desire for 'direct trade,' are sure to result in disappointment and loss quite incommensurate with any

small saving which may be anticipated. By way of comment upon the statements which have been placed before Japanese producers and merchants, it may be stated that no trade is more highly specialised in the processes of manufacture and in the methods of distribution than that of British textiles. For instance, in cotton goods, the various processes of spinning, weaving, printing, bleaching, dyeing, and finishing are carried on by separate firms, but the almost complete distinction between the business of manufacturing and the business of distributing is the feature of most interest in the present connection. A leading authority on British industries has stated that the cotton industry of Lancashire owes much of its success to the efforts of merchants (many of them of foreign nationality) who, by devoting themselves exclusively and continuously to the work of distribution in foreign markets, form an indispensable auxiliary to the trade. Similar advantages are obtained by the present system of marketing the manufactured silk of Japan through the medium of foreigners well versed in diversity of taste, climate, and buying power of the different purchasing centres."

Until the tone of commercial morality improves, foreign buyers will be wise to insist upon the retention of competent middlemen. Unless they possess their own agents they can have no guarantee that the quality of the material supplied will reach the required standard, and as a law-suit in a Japanese court is more lengthy and involved than litigation in any other country of first-class rank, they will do well at the outset to take proper precautions to secure their interests.

**Cotton.**—In no branch of industry has Japan made more rapid strides than in that of the manufacture of cotton and cotton goods. Her progress in this direction is of special interest to Great Britain, inasmuch as it involves a serious competition with what is admittedly one of our greatest industries. Thirty years ago there were only 30 spinning mills in the country, but in the period that has elapsed the number has increased to 120, while the gross amount of capital invested approximates nearly 60,000,000 *yen* (£6,000,000). The following table will show at a glance

the position of Japan in regard to the spindles working in comparison with other leading countries :—

| Countries. | Spindles. | |
|---|---|---|
| | In Work. | In Construction. |
| United Kingdom | 53,471,897 | 1,467,388 |
| United States | 27,846,000 | (*a*) |
| Germany | 9,881,321 | 416,258 |
| France | 6,750,000 | 79,796 |
| Russia | 7,829,240 | 361,284 |
| Austria | 4,162,295 | 158,378 |
| Italy | 4,000,000 | 184,732 |
| Japan | 1,695,879 | 258,452 |
| Switzerland | 1,493,012 | ... |
| India | 5,756,020 | 19,868 |
| Spain | 1,853,000 | 3,000 |
| Belgium | 1,200,000 | ... |
| Canada | 855,293 | ... |
| Portugal | 450,000 | ... |
| Holland | 417,214 | 20,000 |
| Sweden | 430,000 | 40,792 |
| Norway | 75,000 | ... |
| Denmark | 77,644 | ... |
| All other countries | 2,552,142 | 7,544 |
| Total | 130,795,927 | 3,017,492 |

*a* No details.

Altogether there are thirty-six companies engaged in the industry, and at least eight of these possess factories with a total of 50,000 spindles. The principal concern is the Kanagefuchi, the management of which not long ago negotiated a large loan with French capitalists, with a view to increasing the number of spindles under their control from a quarter of a million to half a million. The industry is centred in Ōsaka, and, in consequence, the city, perhaps with some exaggeration, has been called the Manchester of Japan. If not quite so imposing as the great Lancashire town, Ōsaka certainly has some of its gloom and its busy life, and less of the dainty indolence which characterises other towns in Japan where industry is not so prominent a feature. Foreign experts who have visited the principal mills declare that the spinning and weaving sheds are of a design superior to those existing in England, that they are equipped with some of the finest machinery produced in the world, and

that their management leaves nothing to be desired. It is a matter for congratulation, in one sense, that nearly all the spindles in use are of British manufacture, fully ninety per cent. of them having been purchased from a well-known Oldham firm. At the same time the circumstance cannot be overlooked, nor indeed can it be helped, that these spindles are being worked to produce material that will make serious inroads into British trade in the vast markets of China, no less than those of India. The enormous growth of the industry is indicated by the fact that the total value of raw cotton imported has increased since 1891 from £800,000 to £16,000,000. In order to lessen Japan's dependence on foreign countries for raw material, experiments are being made in cotton-growing in Korea. Government experts have estimated that if all the suitable waste land and inferior agricultural land is put under cotton, some 175,000 acres could be cultivated, giving a yield of 100,000 bales. Half the present consumption by Japanese spinners of American imported cotton would thus be grown in Korea. The following table shows the countries from which Japan now draws her supplies :—

| Countries. | 1908. | 1909. | 1910. |
|---|---|---|---|
| Cotton, raw— | Tons. | Tons. | Tons. |
| India . . . . . | 89,948 | 137,959 | 184,375 |
| United States . . . . . | 47,609 | 42,562 | 26,470 |
| China . . . . . | 39,245 | 36,431 | 67,810 |
| Egypt . . . . . | 5,798 | 6,119 | 4,418 |
| Korea . . . . . | 920 | 1,632 | 2,220 |
| Other countries . . . . | 15,526 | 12,524 | 9,540 |
| Total . . . | 199,046 | 237,227 | 294,833 |

It should be added that the decline in the cotton trade in 1908 was due not only to general causes which affected industry throughout the world, and local causes, the principal of which were the depreciation of silver and the boycott against the Japanese in China, but also to the fact that in the boom that followed the war there was an excess of activity that was bound sooner or later to produce a serious

reaction. The effect of these disabilities, however, proved only temporary, and there is every reason to believe that the cotton industry of Japan is destined to become one of the most potent factors in the competition for supremacy in the markets of the Far East. It is organised on lines that clearly indicate a determination to aim at a place of predominance. The spinners and weavers possess a strong association, which to all intents and purposes controls production, and which gives positive stimulus in the form of bounties. At one time it even sanctioned the placing of lottery tickets in bales intended for exportation to China. Moreover, the Government has encouraged the industry in a variety of ways tending to produce the element of unequal competition in so far as this relates to the manufacturers of other countries who are not similarly well placed in the matter of official assistance. In January 1908 it was announced that a Japanese syndicate, composed of a number of powerful spinning and weaving companies, had formed a combine to export cotton goods to Manchuria, and that the Mitsui Bussan Kaisha, one of the largest tradal concerns in the country, had been appointed selling agents. The agreement has recently been renewed for three years, the operation having proved very successful. According to a leading Japanese newspaper, the *Ōsaka Asahi*, "the syndicate strove strenuously in competition against American cotton fabrics, which have at last been entirely driven out from the district to the north of Changchun, while the sale of Japanese sheetings is steadily increasing in the Kwantung district and the neighbourhood of Mukden. A financial disturbance experienced in Shanghai last winter and spring afforded an opportunity for the extended sale of Japanese cotton fabrics." I have it on the authority of an American Consul that the syndicate, by arrangement with the Government, was able to discount bills at very favourable rates, and that it received a low rate of freight from a steamship company subsidised by the Government, and also reductions in charges on the South Manchuria Railway—an undertaking which, in accordance with international agreements, should be conducted on the principle of equal opportunities for all nations, and in which large sums of British capital in the form of

debentures are invested. Further information on this subject will be found in the chapters dealing specifically with Manchuria. Enough, however, has been written here to show that British manufacturers engaged in the cotton trade, no less than American manufacturers, are competing not only against individual enterprise, but also against what virtually amounts to State-aided "combines."

Japanese exports in cotton goods to China have shown a steady tendency to increase, and have been well maintained during periods of marked depression. On the other hand it may be urged that British exports do not show any extraordinary depreciation; but it cannot be overlooked that a new and strong competitor possessing enormous advantages of cheap labour and proximity has entered the market, and that this entry has been secured at a time when the teeming millions of China are becoming keen buyers of foreign goods. In 1894 Japan began to export to China large quantities of cotton yarn, and in seventeen years she has increased the value of this branch of the trade by upwards of fortyfold. As a consequence she has become a rival of India and Hong Kong. In a general review of the situation there is, however, one important factor to be considered. China herself is displaying activity in the establishment of cotton-mills. Not long ago officials were despatched to America and to Japan to study the modern methods of cotton-growing, and to induce rich Chinese merchants resident in those countries to return to their native land and there to invest their money in home industries. An Imperial Decree was issued commanding the Viceroys to encourage the cultivation of cotton under pain of censure from the Throne. This interesting document pointed out that thousands of people who were formerly dependent for their living upon the spinning and weaving of cotton, had now been rendered poor by the introduction of foreign cotton and cotton yarns into China, and commanded the establishment of an industrial school, after foreign methods, in Peking or Shanghai for training young Chinese merchants and others to learn those branches of modern commerce. Information concerning the progress already made is to be found in a report compiled by Sir

Alexander Hosie, whose appointment some years ago to the post of Commercial Attaché at Peking has proved of positive value to British interests. "There are now," he observes, "twenty-seven cotton-spinning power mills in China, to which may be added the mill in Hong-Kong, also engaged in turning out yarn for the China market. The mills originally started in Shanghai, which at present boasts of twelve, had many obstacles to contend with at the start and for several years after, such as labour difficulties, cotton-cornering, and cotton watering; losses were sustained, and in several cases capital had to be written down. Chinese cotton is whiter than Indian, and the product of the Shanghai mill is superior in colour and cleanness to either Japanese or Indian yarn, but being shorter in staple it is not so strong nor is it so well reeled owing to the low class of labour employed in this department, and I have been informed by a mill manager that no amount of supervision can obtain what may be considered high-class work. Taking Chinese labour as a whole, however, it may be considered as good as either Japanese or Indian, and when the difference in the quality of the cotton is considered, it is relatively as cheap. The number of spindles in the twenty-eight mills is approximately 750,000, and the production per spindle working day and night is from 11 oz. to 13 oz., according to counts, which are 10's, 12's, 14's and 16's. With 12 oz. as the average, these 750,000 spindles are capable of a daily output of 562,500 lbs., and on the assumption that work is carried on 320 days of the year, the annual output would be 180,000,000 lbs. of yarn, a quantity equal to more than half the foreign imports. I visited several establishments at Shanghai where British and Japanese yarns were respectively being used as warp and weft in the weaving of coloured fancy-patterned cloth. The yarn was dyed on the premises, and at the time of my visit natural indigo and synthetic reds were being employed. In one of these factories there were eighty hand-looms of Japanese pattern, and it was interesting to watch the women at the looms. There was no idling to look at the foreign intruder, for they were engaged on piecework at the rate of seven cash per foot. A woman could turn out forty Chinese feet of cloth per day of twelve

hours, the length of a piece being 50 Chinese feet, with a width of 27 inches, and the Chinese manager told me that on occasions a whole piece might be woven in a day, but that it was an exception. Men were employed to arrange and fix the warps on the looms."

Until, however, the Chinese enterprise develops on a much larger scale than at present, Japan will possess many advantages with which it is difficult for British manufacturers to compete. For instance, while obtaining the bulk of her supply of raw cotton from India, she is able to manufacture it into material and to re-export it in this finished state back to India, where she undersells the home manufacturer. It cannot be urged that the conditions of employment in the two countries are to any extent dissimilar. In India, as in Japan, hours are long and wages small. The secret of the Japanese success was partly revealed in the notable speech delivered some few years ago by Sir Thomas Sutherland, the chairman of the Peninsular and Oriental Steamship Company. "The trade," he said, "between Bombay and Japan, which consists chiefly in raw cotton, amounting to (approximately) 700,000 bales in the course of a year—is an absolute monopoly, and worked as a monopoly between an association of the spinners of Japan and the shipowners who are engaged in the trade. A few years ago, when we found we were not obtaining a share of this trade, we absolutely disbelieved in the monopoly. We thought it was impossible that an enlightened people like the Japanese should shut their eyes to the advantages of free trade and competition, and in order to demonstrate our case we purchased one or two cargoes of cotton, which were sent to Japan. We found, to our horror and surprise, that we could not sell one single bale. We had to bring them back—I forget at the moment where, whether to Hong Kong or Bombay. We have up to this year been able to carry on and to obtain a share of that trade in association with our Japanese friends, and I may say, to use the easiest possible word, under their suzerainty."

Japanese steamship companies are in receipt of heavy subsidies from the Government, a circumstance which enables them to give special terms to Japanese consignees.

Moreover, financial assistance given by semi-official banks to cotton undertakings, though only applying as far as is at present known to enterprises in Manchuria, undoubtedly gives them a general stimulus which enables them to expand in all directions. On the other hand, the Indian mills receive no State aid and are hampered for want of funds. As far as labour conditions and proximity of geographical position are concerned, the fact should not be lost sight of that India is the only portion of the British Empire that can compete with Japan on anything like terms of equality in the markets of the Far East.

**The World's Trade with Japan and China.**—Although Great Britain's share in the import trade of Japan has increased within recent years, it has not kept pace with the rapid advance made by the United States. The following figures will show at a glance the relative positions of the principal countries having commercial relations with Japan :—

| Countries. | Japan's Exports. | | Japan's Imports. | |
|---|---|---|---|---|
| | 1895. | 1910. | 1895. | 1910. |
| United States . . | 54 | 144 | 9 | 54½ |
| France . . . . | 22 | 45 | 5 | 5 |
| Great Britain . . | 8 | 25⅝ | 45 | 94⅜ |
| Italy . . . . | 3½ | 17 | ... | ... |
| Germany . . . | 3 | 11 | 12 | 44 |
| Belgium . . . | ... | 3½ | 2 | 9 |
| | 90½ | 246¼ | 73 | 207¼ |

NOTE.—Figures are in millions of *yen*.

The United States by reason of her geographical situation is destined year by year to strengthen her commercial position in the markets of the Far East. At present she is Japan's principal customer, and it is only to be expected that in return she should secure an increasing share in the imports. The situation, as far as it concerns ourselves, is important, not so much in regard to trade with Japan, but

with China and other large markets in Asia. It is clear that Japan aims at becoming a manufacturing country of first magnitude, but there are many grave obstacles in the path of her progress, and with these I will deal fully in a succeeding chapter. The record of her achievement in the past is in itself sufficiently indicative of the possibilities of her competition in the future. From 1895 to 1910 her export trade with Asia increased by 400 per cent., and her import trade by 330 per cent.

In the following summary the import and export figures have been combined to show, in millions of sterling, the share taken by China's principal customers in her direct foreign trade in 1910:—

| Order. | Country. | In £1,000,000. | | |
|---|---|---|---|---|
| | | Exported to China. | Imported from China. | Total. |
| | | Per Cent. | Per Cent. | Per Cent. |
| 1 | Hong-Kong | 23.1 | 14.6 | 37.7 |
| 2 | Japan | 10.3 | 8.3 | 18.6 |
| 3 | United Kingdom | 9.6 | 2.5 | 12.1 |
| 4 | Russia | 2.2 | 6.2 | 8.4 |
| 5 | United States | 3.3 | 4.3 | 7.6 |
| 6 | India | 5.9 | 0.6 | 6.5 |
| 7 | France | 0.4 | 5.2 | 5.6 |
| 8 | Germany | 2.9 | 1.8 | 4.7 |
| 9 | Straits Settlements | 1.1 | 0.8 | 1.9 |

Hong-Kong's trade with China increased in 1910 by £5,500,000, Japan's by £4,100,000, Germany's by £1,700,000, Russia's by £1,100,000, the United Kingdom's by £600,000, India's by £600,000, and the Straits by £400,000. China's trade with the United States decreased by £800,000.

The share of the United Kingdom and British dominions in the direct foreign trade of China amounted to nearly £59,000,000 out of a total of £114,000,000, approximately 52 per cent. It should be borne in mind, however, that Hong-Kong, which acts as a world-wide distributor and collector of China's trade, claims nearly £38,000,000 of the above total.

In spite of the precarious state of her finances it is clear that Japan is making substantial progress in the vast markets of China. On first reflection it would seem that this progress, no less than that of other countries, will meet with a check in view of the unmistakable signs that China is awakening to an appreciation of her own commercial potentialities. Doubtless one day Japan will find in China a great rival. But that day is not sufficiently near to merit serious discussion at the present moment. In the meantime the transition now taking place in China is creating new needs among her teeming millions. These needs will find expression in demand for articles of European design. In this respect we shall see a repetition of conditions that were in evidence in Japan soon after the Restoration ; but in regard to China, Japan will occupy a place very much the same as that which Western countries held towards her. In other words, the Western countries having given to Japan their industries will see the fruits of these industries passed on to China.

# XXXIX

## TRADE AND INDUSTRY: THE AIMS AND METHODS OF JAPAN

THAT the whole energies of the Japanese nation are now being directed towards attaining commercial predominance in the East, and also a share in the trade of the West, is patent to all students of the Far Eastern situation. In so far as Japan's methods are consistent with the traditional policy of the Open Door she cannot be criticised. On the contrary, it must be confessed that her ambition is evidence of the virility and commonsense of the nation. Count Ōkuma, in the course of a speech delivered a few years ago, frankly outlined her hopes for the future and dealt with her prospects of success. "Japan has been enabled," he said, "to exclude imports of matches and spun yarns from foreign countries, and in doing this she was perfectly independent of any system of protective tariffs, but this success was achieved entirely by the characteristic ability and diligence of the people. This victory in competition with foreign products is not confined to Japan only, but our native products are gaining ground in China, Korea, and all other countries. In the spinning yarn trade Japan is competing with India; in cotton yarn England is her great rival, but she is able to cope with America in the Oriental markets. Japan did not require any tariff protection in the past nor does she require any in the future.[1] However, as far as mechanical and chemical industries are concerned, Japan is as yet in the embryo state, so that imports in these lines cannot be prevented, but the Japanese need not entertain any fear as to the results of importing different forms of the products of these industries. Not only is there no occasion to have any apprehension on this subject, but Japan, on the contrary,

[1] A Protective Tariff has since been adopted.

will be benefited in various ways. I am one of those who are highly in favour of the importation of capital in this shape. . . . Both coasts of the American continent, from a geographical standpoint, are in a position to furnish us with all the materials needed. All the articles manufactured in Japan will find a ready and profitable market in Siberia, Manchuria, and Korea. No one can dispute the advantages that are at the disposal of Japan in these districts. All those parts of the world from India to the east of Suez may be regarded as the arena where the interests of the whole commercial and industrial world are held in competition. Even when the Panama Canal has been completed, Japan's commercial position will be well protected in those parts of the world. In a word, Japan as a commercial nation has been endowed with great natural advantages in her geographical position, the characteristics of her people, her sources of wealth, her supplies of raw material, and the markets for the disposal of her products. The question of how to make the best use of these advantages may be settled without wasting many words. The same cause that enabled Japan to win the victory over Russia will solve this problem."

In other influential quarters, opinions similar to those expressed by the distinguished statesman, Count Ōkuma, have been advanced. A notable utterance was that of Mr. Midzuno, a prominent member of the Consular Service, and formerly the representative of his country at Hankow. He thought that the Yangtsze Valley might one day prove to be the seed-plot of international trouble. Japan and England were political allies, but it did not follow that their alliance extended into the region of trade and industry. The Japanese settlers in the Yangtsze Valley, by means of the pen and the abacus alone, were gradually making great inroads into a field of business which had hitherto been almost monopolised by the British, and this state of affairs certainly possessed elements of uneasiness. Foreigners of standing have also not been slow to recognise the new commercial force which is invading the markets of the Far East. The reports of American Consuls to the State Department at Washington have a special interest, inasmuch as, owing to the difference of official custom and usage, they are more

outspoken and altogether more comprehensive than reports of a similar nature submitted to our Foreign Office. Without exception these documents contain grave warnings of the seriousness of Japanese competition. Their keynote was sounded by Mr. H. B. Miller, Consul-General at Yokohama, who did not hesitate to declare that "if Japan be successful along the lines she is now working the individuals and corporations of America that are striving for the trade of the Orient will discover that they are not competing for this trade against individuals and corporations of Japan, but that they are in commercial conflict with the Japanese nation. I am convinced that this is the condition to which American manufacturers and merchants must look forward and be prepared to meet." Mr. Miller deals with the root of the question when he refers to the efforts of the State in the direction of organising and controlling trade and commerce. Probably in no other country in the world is so deliberate a policy along these lines adopted as in the case of Japan. In 1910 there were no less than 6062 industrial guilds established throughout the land, an increase of over six hundred during the preceding two years. The powers and the privileges of the guilds are comprehensive. They may in certain circumstances compel the membership of traders, and in 1901 legislation was passed which provided for the amalgamation of credit guilds, purchase guilds, sales guilds, and production guilds, as economic corporations. With a view to securing uniform working and the reduction of registration fees, a union of industrial guilds with central headquarters has been established by law. It should be explained that in a variety of ways the authorities keep in close touch with these organisations. From time to time they give them the advantage of expert advice, meet their members and discuss subjects of mutual advantage to the merchant and to the State, and whenever necessary bring pressure to bear with a view to persuading them to shape their policy in accordance with the best interests of the nation; while on occasions they make grants of public money in order to stimulate their enterprise. It will be seen, therefore, that there exists in Japan a number of powerful trusts to all intents and

purposes supported and directed by the Government. There has been some outcry against this policy, a policy which has been stigmatised in certain quarters as grandmotherly interference. In a country with old-established trade methods criticism of such a policy might perhaps be warranted. In Japan, however, where the people are as yet young in business experience, some excuse is offered for the action of the Government in seeking not only to promote but also to control commerce. In addition to the industrial guilds there are fifty-four Chambers of Commerce throughout the country. The great army of manufacturers and merchants is therefore possessed of an organisation that finds its centre and its guiding medium in the State itself.

In an article appearing in *The Statist*, Mr. C. V. Sale, the leader of the mercantile community in Yokohama, gave a lucid description of the operation of the guilds. "Upon the few occasions," he wrote, "when these guilds have exercised their power against the foreign trader resident in this country, although not using more than a fraction of influence, they have been very successful. I do not think the foreigners realised the strength of the organisation pitted against them, nor the ultimate and serious importance of the movement of which they are an expression. It is always difficult for a Westerner to fathom Eastern thoughts and methods; in most cases the Japanese success would be attributed to mysterious, undefinable influence rather than to the definite policy of a legally organised guild. . . . The new conditions brought about by the opening of the country to foreign trade and the abolition of the feudal system interrupted for a time the path of purely Japanese development, but during the last decade there is a distinct reversion to former ways and methods, the difference being that in former days Japan was self-isolated and other nations had few interests at stake, while to-day Japan is an important centre of trade, and in all countries commercial policy is now regarded as the keystone of international relations. In readapting ancient methods Japan places herself somewhat in advance of other nations, the present national tendency being to stimulate and encourage trade by every possible means. Germany is, per-

haps, the most advanced exponent of co-operative export trading, supported by the encouragement and aid of the State, and Japan does but go one step further in the same path. The lesson to be drawn from these considerations is that as the various guilds grow in power and influence they will become able to dictate to the European or American traders, unless the latter also enter into combination. This conclusion not only applies to trade in Japan, but to trade in China, Manchuria, and Korea."

But the encouraging policy of the State does not end with the control of the guilds. The Emperor himself takes a practical interest in the industrial welfare of the country. The following table shows the extent of his holdings in some of the leading undertakings:—

| | No. of Shares. |
|---|---|
| Nippon Yusen Kaisha | 80,550 |
| Bank of Japan | 69,660 |
| Yokohama Specie Bank | 60,400 |
| Industrial Bank of Japan | 10,100 |
| Bank of Formosa | 2,522 |
| Tōkyō Gas Company | 2,000 |
| Tōkyō Electric Light Company | 5,839 |
| Fuji Paper-mill | 10,000 |
| The Nippon Fisheries | 500 |
| Oriental Development Company | 5,000 |
| Nippon Railway Company (late) | 27,690 |
| Hokkaidō Coal and Railway Company (late) | 27,690 |
| Hokkaidō Colliery and Steamship Company | 41,535 |
| The Imperial Hotel | 4,400 |

In 1908 his Majesty issued an Imperial Rescript, which was looked upon by the Japanese as a remarkable compliment to the labour and enterprise of the nation. "Civilisation is constantly advancing," said this memorable document, "and the peoples of the West and the East are co-operating in the promotion of progress. We hereby express Our desire that Japan shall take part in this aim with the other Powers. We also desire to steadily increase the friendliness of Our relations with other countries. We believe that Our desire to participate in the general advance of civilisation throughout the world can be realised only through the development of domestic strength. In view of the short period which has elapsed since the late War, all

the departments of the Administration are in need of development. All classes of the people must therefore exercise great diligence and industry in order that the wealth of the nation may be increased by honest and just methods. Be both industrious and honest. Avoid frivolity and apply yourselves to your occupations. Warn others against idleness, and be industrious to the last. The merits of Our sacred ancestors and the greatness of the national history are as clear as sunlight. Act up to the example which these set to you, and be diligent. In this is the basis of the development of the national wealth. We wish to add to the merits of Our ancestors and to further exalt them, and for this We ask the co-operation of the nation, and We desire you to comply with Our request."

A further instance of the practical interest taken by members of the Royal Family in the development of the country was provided by Prince Fushimi, who, after visiting Europe in 1907, returned home with fifteen large cases packed with purchases, which the newspapers naïvely reported were intended to serve as models for Japanese craftsmen to copy and manufacture. Besides controlling several State monopolies the Government give substantial support to a number of banks with the object of ensuring the lending of capital to deserving enterprises at low rates of interest. The Yokohama Specie Bank is allowed the use of £2,000,000 at 2 per cent. in order that ample funds shall be available for the promotion of foreign trade. The State control of the principal avenues of finance in the land renders it possible for the staple industries to derive what virtually amounts to State support.

A notable example of the success attending Government support of industry is to be found in the remarkable progress made in shipbuilding, and in the expansion of the mercantile marine. A system of subsidies was instituted as far back as the year 1896, and in order to meet the changed requirements of the times was revised three years ago. Bounties are now granted for the construction of iron and steel vessels of not less than one thousand tons gross. As a consequence of this encouragement the shipbuilding industry has enjoyed an uninterrupted record of prosperity;

and whereas sixteen years ago there were only sixty-six private yards, and these but ill equipped, there are to-day no fewer than two hundred and thirty yards fitted with modern appliances of the best type, and fifty-five private docks. Facilities exist for the building of great ocean liners, and at least two of the private yards are capable of constructing warships of the *Dreadnought* class. But owing to the inexperienced management and general inadequacy of the steelworks, much of the material employed in shipbuilding is imported from abroad. The growth of the mercantile marine is in like measure due to the encouragement of bounties. According to the revised law, which came into operation in 1910, navigation subsidies are given in respect of steel ships, not more than fifteen years old, with a gross tonnage of not less than three thousand and a minimum speed of twelve knots. Formerly the privilege of subsidy was extended to ships of not less than one thousand and having a minimum speed of ten knots. Further stimulation of the shipping industry was forthcoming in the recent exclusion of foreign vessels from the coast-wise trade of Japan.

The growth of the mercantile marine since 1901 is illustrated in the following table :—

| At the End of— | Steamers. | | Sailing Vessels. | |
|---|---|---|---|---|
| | Number. | Gross Tonnage. | Number. | Gross Tonnage. |
| 1901 | 1,395 | 583,532 | 4,026 | 336,528 |
| 1902 | 1,441 | 610,446 | 3,977 | 336,154 |
| 1903 | 1,570 | 663,220 | 3,934 | 328,953 |
| 1904 | 1,815 | 798,240 | 3,940 | 329,125 |
| 1905 | 1,988 | 939,749 | 4,132 | 336,571 |
| 1906 | 2,103 | 1,041,569 | 4,547 | 354,356 |
| 1907 | 2,223 | 1,116,945 | 4,811 | 366,950 |
| 1908 | 2,304 | 1,160,440 | 5,379 | 384,481 |
| 1909 | 2,366 | 1,198,194 | 5,937 | 404,089 |
| 1910 | 2,518 | 1,233,785 | 6,337 | 412,859 |

It has been pointed out that although in tonnage Japan ranks sixth in the world's mercantile marine, her leading company, the Nippon Yusen Kaisha, stands higher on the list than famous lines such as the Cunard, the Union Castle,

and the Elder-Dempster. The Nippon Yusen Kaisha has a capital approximating six millions sterling, and employs a fleet of some eighty ships with a gross tonnage of over three hundred thousand. Altogether it trades over four ocean routes—the European, North American, Australian, and Indian.

At no distant date we shall witness in the Pacific a competition in the sea-carrying trade no less keen than that which has so long existed in the Atlantic. In consequence of State encouragement, together with the inherent reluctance of the Japanese merchant to support foreign when native lines are available, the mercantile marine of Japan has already secured a considerable advantage. Japanese steamers of over 13,000 tons, and with a speed up to twenty knots, now cross the Pacific. Foreign captains are being replaced by Japanese captains. In the training of men to man the ships the progress made has been equally as conspicuous as in other branches of the industry, a circumstance which is shown by the fact that in thirty-six years the number of certificated mariners of Japanese birth has increased from four to nearly twenty-two thousand.

The Japanese are not unmindful of the need for developments on a great scale with a view to meeting the requirements of the future. Already their ships are to be seen in every open river and port throughout China, and they possess an enormous "mosquito fleet," consisting of small steamers and junks, which finds constant employment in Chinese waters. Since Japan's acquisition of the Kwantung Peninsula she has established a line of commodious steamers with excellent accommodation for passengers travelling over the Siberian route to the Far East. Her activities on the other side of the Pacific are much in evidence. South American steamship lines have been established, and friendly relations assiduously cultivated with the Governments and the peoples of the various republics. The seeking of a concession for fishery rights in Mexican waters by a Japanese company, though it gave rise to much groundless rumour and therefore caused needless alarm in the United States, was significant, more especially when we reflect that the Japanese fishing industry has abundant scope for its enter-

prise in Asiatic waters. Energetic preparations for the opening of the Panama Canal are in progress. The Nippon Yusen Kaisha contemplates establishing two new services (which are to be subsidised) to Brazil and New York by way of the Canal. It is notorious that the American mercantile marine is in a backward state, and unless greater enterprise is exhibited it will be found that whatever advantages may result from the Canal, America in constructing it has brought Japanese commercial aggression within reach of her eastern shores.

We have already seen the beneficial effect of State-aid upon one important industry in Japan. It is not inopportune to examine its operation in other spheres of activity. Soon after the war with Russia the writer was accorded an interview with Baron Sakatani, who was then Minister of Finance, and whose administration of the National Exchequer had been conducted throughout a period that was undoubtedly the most critical in the history of the country. I pointed out to him that the new tariff sanctioned by the Japanese Legislature was generally regarded as of a strongly Protective nature, and would certainly not tend to increase the imports from Great Britain. He replied that such result could not be helped. "The British Empire was," he said, "extensive enough to indulge in Free Trade, and for that reason it had prospered without protective measures. Japan, however, was a small country, new among the Powers, and had to deal with conditions that were the outcome of a debt very large in comparison with her resources. The United States and Germany built up tariff walls, and Japan had in consequence been compelled to increase her duties. Great Britain," he added laughingly, "is like a large horse—she eats much and can afford Free Trade. Japan is a small horse that eats little and needs Protection." He insisted that the keynote of Japan's policy was "No discrimination" and "equal opportunities for all nations and nationals." He readily admitted that, by reason of her geographical position and local knowledge of affairs, Japan possessed an inestimable advantage, but emphasised that this was unavoidable, and was after all only fair considering the enormous expenditure of blood and treasure in the war.

I called the attention of Baron Sakatani to the announcement in the public press that the Yokohama Specie Bank, which received actual Government support, intended to lend a cotton trust, formed in Japan to trade in Manchuria, money as low as 4½ per cent.; that, furthermore, arrangements were being made to secure a great reduction in steamship freights and half rates over the Chinese Eastern Railway for all goods supplied by the combine; and finally that similar facilities would be given to all other trades applying for them under the same conditions. His Excellency replied that what I had referred to as a cotton trust was not in reality a trust —it was "almost a trust." Nevertheless the statement was true that exceptional facilities would be given to this undertaking and all similar undertakings. The reason for that policy was to be found in motives of expediency. If a number of small companies joined together, their security was certainly increased, and was therefore more acceptable, enabling them to get money cheaper; also the railways and steamship companies had less difficulty in handling their large consignments. It was simply a matter of arrangement and convenience, and showed in no sense favouritism to the Japanese. If foreign companies would combine in the same manner, and thus do away with the difficulties inseparable from dealing with minor concerns, they would receive the facilities that had been and were to be extended to Japanese industries. If the steamship and railway companies found that they could afford reductions in rates on large consignments no objection could possibly be taken. "It was," Baron Sakatani concluded, "perfectly legitimate trading, from which all parties hoped to benefit."

The question of Japanese methods in Manchuria—methods which offend the spirit if they do not contradict the letter of the principle of equal opportunity—will be found fully dealt with in the chapters relating to this territory. It is only the Government patronage of the guild system that renders possible the lowering of freight charges in the case of Japanese industrial concerns, whose goods are carried over the semi-official railway running through a region which has been made the subject of repeated reaffirmation of the doctrine of the Open Door. The suggestion that foreign

firms can lay claim to similar advantages by complying with similar conditions is not practical. For obvious reasons the guild or trust system cannot apply to them; the fact that their source of supply is so far removed from the market is in itself an obstacle in the way of concerted action. Moreover, it is extremely doubtful whether a Japanese bank could be induced to finance foreign firms at a low rate of interest. The conclusion is inevitably forced upon one that other nationalities trading in the Far East are compelled to compete against a number of strongly organised trusts whose operations are directed by one colossal trust itself, the trust of the State. It is in the existence of these conditions that we find Japan's ambition revealed—the attainment of supremacy in the markets east of Suez. The important question naturally arises, Will the foreign merchant, who up to the present has acted on the spot as the medium between importer and exporter, disappear from the scene? This question, it must be understood, bears a relation to the merchant resident in Japan only. For, while British trade in China may temporarily decline in face of Japanese competition, the mere fact that the market for which it caters consists of 400,000,000 people will permit of the redoubling of energies and of the display of increased enterprise. That it is the aim of the Japanese to dispense with the intermediaries in the trade of their own country cannot be doubted.

It is urged that if certain kinds of merchandise pass out of the hands of foreign middlemen others that make up for the loss are substituted. Statistics prove, however, that the direct trade of foreign merchants resident in the country is decreasing, while that of the Japanese is increasing at a rate which appears to threaten the position held by the former. At the same time it is open to doubt whether Japan will ever be able to dispense entirely with foreign mediums. To begin with, many years must elapse before she will be in a position independently to finance her import and export trade, while years of experience will be required in order that her merchants may become thoroughly acquainted with the customs and usages, no less than the requirements, of foreign markets. A commercial writer in a Kobe paper recently gave an admir-

able summary of the situation in so far as it related to the attempts of Japanese merchants to capture the foreign trade.

"Every foreign firm," he wrote, "has some serious complaint against Japanese merchants or against bantoes. One foreign firm had the misfortune to be embezzled to a large extent by two of their bantoes, who were supposed to be respectable men of means. 'Dishonesty of Japanese merchants' is in the mouth of every foreign firm. Lately, many foreign firms have been curtailing expenses in various ways on account of business depression, heavy losses, or from fear of Japanese direct business competition. The heavy losses due to the dishonesty of Japanese merchants bring forward the much discussed subject, the commercial morality of the Japanese, and the Japanese direct business competition raises the question, 'Are the Japanese capable of carrying on successfully and permanently direct business with foreign countries?' It would be very interesting if some competent persons expressed their opinions on these two important subjects."

Local conditions hamper the foreign merchant to a very serious extent. He is more often than not compelled to conduct his negotiations through the medium of a Japanese assistant, whose translation of the conversation taking place is frequently coloured by the fantastic inventions of his own imagination, while on occasions he shows a loyalty for the interests of his own countrymen and a lack of recognition of the interests of his employer which cannot altogether be misinterpreted as misguided patriotism. The Yokohama Foreign Board of Trade, an organisation of exceptional influence and utility, is doing its utmost to remedy the evil by promoting the study of the Japanese language among its members.

In his annual report for 1908 Mr. W. F. Crowe, the British Commercial Attaché at Tōkyō, outlined the disadvantages arising from the practice of employing Japanese as intermediaries in commercial transactions.

"During a great part of the year," he wrote, "an animated discussion has been going on in the vernacular and foreign press as to the advantages and disadvantages of direct trade. I do not propose to reproduce here any of the excellent

arguments both *pro* and *con* which have been used, because I feel convinced that for many years to come a great part of the trade must continue in the old-established channels, and that, although the British and other foreign houses may do a less proportion of the total volume, the actual amount transacted by them will continue to increase. There is, however, one point in the discussion which has not been touched on to any great extent, and which would seem to be of some importance, and that is the possible gradual elimination of the 'banto,' or at least a curtailment of his duties. The 'banto' occupies the position of chief of the Japanese staff of the firm, and most transactions are made through him. In this sense he is a middleman, and if one were to get rid of him, or keep a greater check on him, one would be nearer 'direct trade,' while the 'banto's' profits, which are often considerable, would vanish. There is, of course, the possibility that the 'banto,' if entirely dispensed with, might start in on his own account and, with his considerable knowledge of foreign business methods, prove a formidable competitor. The head of one of the largest Japanese concerns told me that when he wanted to do business with a foreign firm, it was only with the greatest difficulty that he could get past the 'banto' (metaphorically) and see the principal. One of the reasons is the language question and the other is that the 'banto' system, besides being an old-established custom, has many uses, such as that it saves a considerable amount of time, and also that, without it, business with some of the old-fashioned Japanese firms might prove quite impossible. But one cannot help thinking that the experiment of studying the language and making less use of the 'banto' might, if tried on a proper scale, meet with some success.

"As things are at present there is little doubt that as far as imports are concerned the chances that a firm will do a large and profitable business depend to a great extent on the excellence or otherwise of its 'banto,' and this brings me to another point which is worth touching on in connection with this subject.

"Most 'bantoes' are honourable and honest men; some are not, and it is not always easy for a Britisher to find out

at first whether his prospective 'banto,' as well as the other members of his Japanese staff, are all that they should be. This difficulty is often obviated by getting an introduction and a guarantee from a friend, but although this is the custom it does not always work satisfactorily in practice."

In the management of his native staff the foreign merchant also meets with many difficulties. Japanese steadfastly refuse to work for him under the same conditions as those which govern employment in the offices of his own countrymen. Not only do they demand higher wages and less hours than in the case of the latter, but they fail to work with that industry and efficiency which characterises the conduct of many native concerns.

Above all, the low standard of commercial morality in Japan renders it imperative that the interests of the foreign firms shall be in the hands of foreigners. There have been not one but many instances where Japanese, finding the market not in their favour at the time when goods contracted for were delivered, have not failed to repudiate their liabilities. Consequently, with the exception of a small number of reputable firms, no orders are now taken by foreign merchants unless tangible security is first deposited. The Japanese commercial system has been both assailed and defended with equal vigour by Western writers and speakers. In view of this controversy I append a number of opinions and statements made on the subject by eminent Japanese authorities themselves.

"In order to secure the healthy growth and development of productive industries one must not rest content at meeting material requirements: the parties should be guided by strong moral convictions and engage in their work in serious soberness, or they cannot expect to be fully rewarded for their industry. When one turns eyes on the business world one is apt to see nowadays that the tendency is for one to rush at things recklessly and with little calculation, being deluded by little gains in sight, while forgetting permanent interests. The loss of credit at home and abroad, the business failures—indeed many are the developments that call for painful regret."—Baron Oura, Minister of Agriculture and Commerce, 1909.

"Their action only heightened the confusion of the economic circle and accelerated the rotting of the public mind. Was not the sight an acme of indescribable abomination? All the reprehensible crimes, including bribery, intrigue, and importunity, were publicly resorted to shamelessly. It were like the knaves usurping power and driving away and oppressing the honest and upright. It is at such moments that Socialism hatches into being. Socialism is as yet only in its gemmation in this country. But it should be known that manifestations of this kind are liable to grow with the rapidity of mushrooms after a warm forcing rain."—Count Okuma, on the action of the authorities in connection with the proposal to municipalise the Tōkyō tramways.

"In this country, the company auditors and other persons holding similar positions in commercial establishments are supposed to do the work for the investors as well as the concerns themselves. But as we have had occasion to say, our auditors are generally men eminently unsatisfactory for the purpose, and the investing public may be said to be in the position of being at the mercy of company directors. Hence the urgency of the adoption of the English system or some other equally efficient method of auditing by independent and disinterested men of proper qualification."—*Japan Times*, 1909.

"Japan is acting in opposition to the trend of the world. Often she fails to appreciate that she has come to have foreign relations. Add to this that society has become speculative and frivolous; that morality has disappeared; and that the country is disgraced by imprisonment for bribery, by bankruptcies, and so forth. Since the war with Russia the nations have come to regard Japan with suspicious eyes. Certain foreign newspapers, if they see a weak point in her doings, parade it and proclaim it without the least reserve. While she is thus looked at askance, Japan has given fresh material to her critics by the recent Sugar Scandal. Nevertheless, this is but one of the evil products of the time. Society simply worships money. The right of participating in the government has ended by becoming a mere object of virtu. The elections have grown more and more corrupt. The franchise is a curio which the electors seek to

sell as dear as possible and the candidates endeavour to buy as cheap as possible. Thus those that have been returned at the elections become themselves objects of merchandise. The Diet suggests a departmental store where there is no question that cannot be bartered for coin. This tendency grows more marked. Look at the examples furnished by the 25th session of the Diet. Apart from the Sugar Scandal there are such things as the subsidy to the Nippon Yusen Kaisha and the Exchanges problem. Among the 300 members of the Lower House, how many are there who assemble to discuss these matters in a really earnest spirit? To look for honest debate in the Diet of to-day is akin to asking beasts to talk like men. The South American Service may be necessary for the development of the country, but the Diet's decision was followed by such revelations as to the internal condition of the company which is to undertake the service that we are compelled to regard them as indications of the decease of political morality."—Mr. Mochizuki, M.P., 1909.

"Baron Shibusawa, in replying to the above speech, referred once more to the necessity of raising the standard of commercial morality in Japan, and urged that if this society, which from small beginnings had grown to be such a flourishing association, intended to supply itself with any practical platform, the main feature of that platform should be the preaching of commercial morality."—Report from a speech delivered by Japan's first business magnate.

"If the times were prosperous, and if the Japanese saw their account in taking delivery of the goods ordered by them, they took delivery and all went well. But if the arrival of the goods found a falling market in Japan, the Japanese, having everything to lose in a pecuniary sense and nothing to gain except the preservation of their own integrity, which they too often seemed to value very lightly, left the goods in the hands of the foreign importer, or exacted severe concessions for taking them over. . . . There is one phase of the matter which has not been publicly discussed but which deserves comment. It is the unwholesome influence that the present system exercises on the Japanese themselves. It scarcely amounts to putting a

premium upon improbity, but it approximates very closely to something of the kind; and we have often thought that if a similar method of dealing were practised in China, the commercial morality of the Chinese tradesman would not stand so high as it does. In short, every interest combines in calling for some remedy, whether partial or thorough, and if the prevailing hard times move the community to adopt resolute measures, the losses that have been incurred will not be without compensation."—*Japan Mail*, 1907.

"As to the words of criticism and counsel addressed by the Premier to the bankers, they are but a truism, and should have been borne in mind by them in their daily dealing. For them to elicit such words only reflects upon their imprudence and carelessness in their business manners as well as shows their complete dependence upon the authorities."—*Jiji Shimpo*, 1909.

"We deplore that the series of irregularities and failures in connection with business companies is traceable uniformly to the dishonesty of the directors of these companies. . . . The shareholders, on the other hand, however, though fully aware of the irregular conduct of these officials—conduct which jeopardises their own interests—are not only powerless in eradicating the evil but go in some instances the length of folly; of reinstating men who have tendered resignation in acknowledgment of their own fault. The fact goes not only to prove the shareholders unfaithful to their own interests, but also that neither law nor society possesses the means of dealing out due punishment to these offenders."—*Jiji Shimpo*, 1909.

"In connection with the recent development of Japan, there is one thing to which I would like to call the attention of our people. The Japanese can boast of their military strength, but in matters of commercial morality they are far behind some Eastern countries. Under the circumstances, it is imperatively necessary that we shall put into use the ability of young men educated after the manner of civilised nations. Up to the present time, everything connected with commerce was in a state of infancy. Civilisation itself was at a low ebb; commercial morality was lacking: educators as well as educated were yet in a stage

of incubation, but now everything with us is growing to be cosmopolitan."—Count Okuma, 1906.

The revelations which achieved world-wide notoriety as the Sugar Scandal will be within recollection. Many well-known members of Parliament were convicted of accepting bribes in return for a promise to vote in the interests of an industrial corporation. At the time it was stated that proceedings were taken largely as a result of private representations made to the authorities by the British Ambassador, who was a large shareholder in the concern. The punishment of the offenders was hailed as the reawakening of the national conscience, and was looked upon as expressing the determination of the Government to raise the commercial standard of the country. When, however, it is remembered that the political life of the country is sullied by methods of corruption, and that votes are frequently made the subject of barter, it will be seen that, if the Administration is seriously intent upon reform in business circles, it must first forsake its policy of tacit sanction of the systematised evil that prevails in the Diet. Admirers of Japan claim that her standard of commercial morality is not inferior to that existing in England. Such a claim, however, is essentially mischievous, and were it accepted might involve our merchants in serious financial losses. In England traders are not able to repudiate contracts with impunity. Nor is it possible to effect wholesale bribery among members of the House of Commons in the interests of a particular firm. Moreover, it cannot be said, as in the case of Japan, that few great concerns are conducted with proper efficiency, or their shareholders guaranteed by proper supervision against dishonest practices. It is to be feared that before the commercial standard in Japan can be raised, the whole moral outlook of the nation must be changed, a task which lies as much within the scope of the school and the home as it does within the purview of wise statesmanship.

# XL

## MINES AND MINING

MINING is an ancient industry of Japan. Gold is found chiefly in Satsuma; gold and silver in Sado, Tajima, Ugo, and Hokkaidō; copper in Shimazuke, Ugo, Kaga, Bitchū, Hyūga, Higo, Iyo, Awa, Tōtomi, and Akita; lead in Rikuzen and Hida; iron in Rikuchū, Echigo, and Kōzuke; antimony in Iyo; tin in Satsuma; and coal in Hokkaidō and Kyūshū. Copper, which is the principal metallic production of the country, was discovered at the beginning of the seventh century. In the days of the Shōgunate the Japanese were fully alive to the value of their precious and other metals. At one time the Dutch, who shared with the Chinese the privilege of being the only foreign traders allowed to remain in the country, for a number of years exported seven hundred to twelve hundred tons of copper. The Shōguns became alarmed at the rapid development of trade with foreign nations, and from time to time various restrictions were placed upon the exportation of metals. The following extracts from Dazai Jun's essay on "Food and Wealth," translated by Mr. R. J. Kirby, shows among other things that superstition has been largely responsible for retarding the development of Japanese mines:—

"In the present times in exchanging merchandise with foreign countries (China) a great deal of copper goes abroad. For this reason copper is very dear. Though the copper-producing mines in Japan are numerous, the officials being afraid of the cost of mining labour do not mine deeply, and the amount of copper procured is very little. It is not too little for the world's use, but the price is very high, and this makes the cost of coining new sen very great, so that if the State wishes to coin sen the officials are sure to prevent it by saying that copper is scarce. . . . In ancient times, gold

used to be obtained from the mountains of Oshiu, but now none comes thence. During the Keicho period (1596-1614) gold was obtained from the Sado mines, and it was abundant to Japan. But it gradually grew less, and is said now to have decreased very much. Generally the things which come from the earth are of nature's production for the help of the needs of man, so if a certain mine is deficient, some other mine produces a large quantity. This is the doctrine of dark and light, and increase and decrease, and is the law of nature. Therefore in Japan, at the present, there ought to be in different places mountains which produce gold, silver, &c. If such mines are searched for, and are mined without fear of the cost of labour, the abundance of gold will be of such quantity that it will not be necessary to coin debased currency like that of the Genroku period. But there is art in this. Let me speak of one kind. The mountain of Kinpo in Washiun is said to produce gold, as its name would suggest, but the god of the mountain begrudges this, and will not give it to man. It is said that the god will surely punish any one attempting to mine this mountain. This is the vulgar talk of the natives of the place, and also of the priests and priestesses of that mountain. The foolish people of the earth believing this, circulate the report. . . . Is it not sorrowful that that which would be of profitable use to the people is wastefully hid and left in the ground? To say that there is art in this means there is a way. Heaven and earth produce all things for the nourishment of man. The gods are clever and honest beings. If man, through rites, reverences the gods, they will surely give good fortune to him. Should man rudely approach the gods, he will surely receive evil. Generally in mountains and all rivers there are sure to be gods, and if there is a desire to obtain the treasures which are produced in the mountains and rivers, then important rites from the Emperor must be used for worship of these gods, and a prayer made for the things wanted. As the gods do not talk, it is impossible to hold conversation with them. They must be inquired of through divination. If the god is pleased with the worship, and there is a favourable divination, then the god gives permission. If the divination is unfavourable, then permission is not granted.

After the god has given permission, there is no danger of any kind, and no evil from the gods will be encountered. By following this rule there will be no difficulty in entering any God-mountain. Thus by reverencing a god as a god, the hearts of the people are made free from fear. Even now, should an Imperial messenger be sent, and the god worshipped with important rites, then the matter would be decided for or against, according to the signs of divination. If the god's permission is obtained to get out the products, then not only Mount Kinpo, but any mountain, could be entered. The Classics say, 'Under the Universal Heavens there is no ground which does not belong to the King.' It is said that the Emperor is the lord over gods and men. If the Lord of the country requests with rites on behalf of the State, how can the mountain and river gods begrudge their treasures? It is only because men try rudely and by improper methods to steal these treasures, that they not only do not get the treasure, but receive punishment from the gods."

Professor Lloyd has related a modern instance of means used in bringing persuasion to bear upon the gods. "Three years ago,[1] a well-known resident of Tōkyō wanted to fill up an old well: a procedure to which his servants objected on the score of not wishing to offend the god that lived there. Application was therefore made to a wise priest, who bade the gentleman go to the well and say in a loud voice: 'This is not a well.' The god, he said, would hear the remark, and would go away, and then the well might be filled up."

In 1685 only one ton of copper was allowed to be sent abroad; one hundred years later the exportation of gold was prohibited; and in 1790 the exportation of silver, which had been used to pay for imports, was limited to 500 lbs. At the beginning of the Meiji era mining in Japan was in a very backward state, and it was not until the end of the nineteenth century that the primitive system of reducing copper ore in clay pits with charcoal as fuel was abandoned in favour of more modern methods. "The modernisation of mining and smelting methods was begun in the ninth decade of the last century," writes Stevens, the well-known copper expert, "but beginning with the tenth decade, progress was rapid, and all

[1] Actually some seven years ago.

of the principal mines of the Empire now have mining and smelting equipments of a modern sort, and are managed with as great a degree of technical skill as can be found in any mining field of the world." Stevens refers to copper mines only. In other branches of the mining industry it cannot be said that equal progress has been made, and many mines are still worked under conditions which would not perhaps have been behind the times a hundred years ago.

The Government, anxious to promote the industry, once owned several mines itself and conducted them according to European methods. The result is instructive to those who are interested in the problems of State enterprises. "They mostly proved financial failures" — I am quoting from the official account—"and to avoid further losses a majority of them were after a time sold to private persons in whose hands they prospered and brought about the general development of our mining industry." The Government in this, as in many other of the principal industries, recognised the advisability of affording practical encouragement. A country like Japan in the early stages of development, and poor in comparison with Western nations, could not be expected to neglect any means which would tend to increase the output of her own mineral fields. In this circumstance some excuse may perhaps be found for the strict supervision exercised. The financial position in which Japan found herself at the outset of the war with Russia made the Government realise the urgent necessity for increasing the production of gold and silver. At the same time the mining experts of the country joined together in memorialising the authorities on the condition of the industry. They represented that there were many promising gold and silver mines in the Empire which, owing to the lack of the necessary capital, were being worked by primitive methods, and which were by no means adequately developed. They suggested that the quality of the ores should be ascertained and some scheme devised for giving the mine-owners financial assistance. It was further pointed out that from olden times mining in Japan had always been looked upon as the most hazardous of business enterprises, and that even in modern times the mine-owners were regarded as *yamashi* (speculators). Attention

was drawn to the difficulties of financing the mines. Bankers and capitalists had come to view such properties with suspicion, and consequently the mine-owners who had been compelled to raise money at high rates of interest were hopelessly involved in debt. The experts expressed their firm conviction that if the digging and smelting were conducted on a proper scale, and facilities for obtaining capital at a reasonable rate provided, the mining industry of Japan would make substantial progress. They recommended as one of the primary measures essential that large smelting works should be erected in a central situation. If that were done, they urged, the ores produced in Japan, Manchuria, and Korea could be collected and smelted on an adequate scale, and they estimated that the production of gold and silver from the existing mines would then be more than doubled.

In July, 1905, the old Mining Regulations of 1870 were superseded by the present Mining Law. Under this statute the Minister of Agriculture and Commerce is empowered to permit, approve, cancel, or suspend the rights of mining, permanent or experimental. For the purposes of administration the country is divided into five districts, each of which is under the control of a Mine Inspection Office. It is provided that the area of a mining set must be for collieries not less than 50,000 tsubo (about 41 acres); and for other mines not less than 5000 tsubo (about 4 acres), nor exceed for mines of all kinds 1,000,000 tsubo (about 820 acres). Mining rights may be acquired by Japanese subjects and by foreigners who are constituted juridical persons according to the law of the land. Mining rights are classed as real rights to which the provisions relative to immovable property are correspondingly applicable, and, moreover, they are indivisible. They cannot be made objects of rights other than those of succession, transfer, measures taken in consequence of non-payment of national taxes, and execution; but the right of permanent mining may become the object of a mortgage. The duration of the right of trial mining is two years from the date of registration.

In March, 1905, the Mining Mortgage Law was enacted. This enabled the holders of mining rights to create mining foundations with a view to obtaining mortgages, and a mining

foundation was defined as follows: (1) Mining right; (2) land and works; (3) superficies and right of use of land; (4) right of hiring things to which due consent has been given; (5) machines, instruments, vehicles, vessels, oxen, horses, &c.

At the same time the Government regulations for the control of the Japan Credit Mobilier, Limited, were amended so as to facilitate the advance of loans at a low rate of interest to gold and silver mines. When application for funds is made to the bank a committee conducts a thorough investigation of the mine concerned, and if the result is favourable the mine comes under its strict supervision until the amount of the loan is repaid. A stipulation has been made by the authorities that the interest charged must not exceed 8 per cent. per annum, and that the principal is to be paid in annual instalments spread over a period not exceeding ten years. The Bank of Japan has consented to purchase all the gold and silver produced after satisfactory examination by the Imperial Mint. It was expected that the advantages offered through the medium of the Japan Credit Mobilier would increase the value of the annual production of gold by £500,000, and that the value of the gold and silver bullion handled by the Bank of Japan would reach £1,500,000, irrespective of funds advanced at nominal rates of interest. As will be seen from the statistics quoted, these estimates have turned out to be too generous, a circumstance which it must be admitted is due to the peculiar economic conditions resulting upon the war rather than to lack of merit in the scheme of the Government. The fruits of State encouragement must inevitably be reaped in the future.

The action of the Diet in reforming the mining laws and in enabling mine-owners to obtain capital at reasonable rates was dictated by several reasons. First there was the urgent necessity for making the most of the resources at hand with the object of minimising the amount of foreign debt required to pay for the expenses of the war. The lamentably slow progress in the industry was another inducement to activity. Finally came the advice of the experts, which in no circumstances could be ignored. Mining rights were being granted in large numbers, but those who acquired them had not sufficient capital at their command to work

the properties. For the same reason many mines which had been exploited sufficiently to convince the owners that they were promising were lying idle. It was suspected that immense areas of mineral fields were undeveloped simply because the owners of prospecting or mining rights had not enough money to buy the necessary tools and machinery. The industry was crippled by the refusal of financiers to conclude loans except at prohibitive rates of interest. There was a danger, which the Government no doubt did not overlook, that foreign financiers might supply the funds which were withheld locally, and that in case of mortgages falling through, foreigners would become the owners of mines. There was every reason to fear that impecunious mine-owners would be unable to resist tempting offers for the outright purchase of their properties from abroad. The national sentiment was against the possession of the least particle of the soil of Japan passing to foreigners. The law was then framed so as to make absolute ownership of land by foreigners an impossibility, and mining rights could only be acquired by foreigners who had duly constituted themselves "juridical persons." Moreover, as I have explained before, the Minister of Agriculture and Commerce had absolute discretion to cancel or suspend the rights of mining. When the Japanese Government facilitated the raising of mortgages on mines, they did not hesitate, in accordance with the general principles of their policy, to provide the medium through which the loans were to be obtained. The mine-owners were to apply to the Japan Credit Mobilier. There was nothing to prevent them entering into negotiations with foreign capitalists except the fact that, in view of the character of the securities, foreign capitalists would not be able to compete with the rates offered by a local and state-encouraged bank. Apart from this circumstance, it may be mentioned that the business men of Japan have gained the impression, not without reason, that it is always advisable to take the directions of their Government.

The table on the next page shows the progress of Japanese mines during a period of ten years :—

| Year. | Gold. | Silver. | Copper. | Lead. | Iron. | Iron Pyrites. | Antimony. | Manganese. | Coal. | Sulphur. | Petroleum. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | *Momme.* | *Momme.* | *Kin.* | *Kin.* | *Kwan.* | *Kwan.* | *Kin.* | *Kin.* | *Ton.* | *Kin.* | *Koku.* |
| 1897 | 276,427 | 14,478,485 | 33,982,217 | 1,284,856 | 7,464,364 | 2,033,716 | 1,951,068 | 25,701,496 | 5,229,662 | 22,636,870 | 231,220 |
| 1898 | 309,145 | 16,118,242 | 35,039,592 | 2,837,570 | 6,266,225 | 2,327,033 | 2,061,829 | 19,162,323 | 6,749,602 | 17,202,173 | 280,742 |
| 1899 | 446,716 | 14,978,060 | 40,459,709 | 3,313,464 | 6,151,033 | 2,233,536 | 1,568,462 | 18,893,440 | 6,775,571 | 17,0 2,186 | 474,686 |
| 1900 | 566,535 | 15,681,595 | 40,528,612 | 3,130,080 | 6,624,447 | 4,310,931 | 716,477 | 26,384,526 | 7,488,891 | 24,064,196 | 767,508 |
| 1901 | 660,153 | 14,598,749 | 45,652,927 | 3,004,983 | 7,853,163 | 4,690,270 | 911,462 | 27,115,884 | 9,027,325 | 27,580,478 | 983,799 |
| 1902 | 793,518 | 15,371,045 | 48,390,637 | 2,740,741 | 8,568,059 | 4,954,733 | 1,026,601 | 18,110,792 | 9,742,716 | 30,478,728 | 877,837 |
| 1903 | 835,847 | 15,627,245 | 55,312,343 | 2,875,601 | 9,016,383 | 4,298,932 | 977,228 | 9,344,482 | 10,138,707 | 38,123,1/ | 1,065,116 |
| 1904 | 736,137 | 16,328,575 | 53,538,368 | 3,004,381 | 10,171,500 | 6,636,138 | 798,558 | 7,207,712 | 10,772,064 | 42,645,082 | 1,073,640 |
| 1905 | 812,764 | 22,103,408 | 59,158,327 | 3,787,006 | 14,189,913 | 6,818,432 | 476,664 | 23,361,637 | 11,593,292 | 41,087,568 | 1,187,136 |
| 1906 | 714,588 | 20,450,652 | 62,385,517 | 4,687,823 | 13,413,882 | 9,591,302 | 503,990 | 21,402,302 | 12,980,103 | 47,220,421 | 1,378,397 |
| 1907 | 773,751 | 24,388,431 | 64,522,797 | 5,132,091 | 13,851,473 | 14,977,623 | 412,560 | 34,309,809 | 13,803,969 | 55,548,626 | 1,513,994 |
| 1908 | 891,486 | 31,971,992 | 67,754,886 | 4,850,501 | 12,105,526 | 9,031,153 | 330,332 | 18,550,574 | 14,825,363 | 55,699,100 | 1,641,563 |
| 1909 | 1,048,559 | 34,111,197 | 76,402,144 | 5,714,600 | 14,450,984 | 5,735,683 | 283,409 | 14,745,502 | 15,048,113 | 61,499,225 | 1,657,036 |
| 1910 | 1,142,515 | 38,292,780 | 83,495,170 | 5,850,000 | 17,409,201 | 13,513,960 | 263,685 | 9,161,031 | 15,535,285 | 71,230,400 | 1,551,170 |

160 *momme* = 1 *kin* (pound) = 1.3227 lbs. avoir. 1000 *momme* = 1 *kwan* = 8.2817 lbs. avoir. 1 *koku* = 39.7033 gallons.

The progress of Japan in the production of copper has been more striking than in the case of any other mineral. Ranking second in 1911, she has, throughout the past twenty years, retained either third or fourth place among the copper-producing countries of the world, during which period her annual output of fine copper has increased from 18,000 tons to 55,000 tons. The following table will show at a glance the position held by Japan, in regard to this branch of the mining industry, in comparison with the leading countries of the world :—

| Country. | 1906. | 1907. | 1908. | 1909. | 1910. | 1911. |
|---|---|---|---|---|---|---|
| | Tons. | Tons. | Tons. | Tons. | Tons. | Tons. |
| United States . . | 409,650 | 392,520 | 423,300 | 490,280 | 484,935 | 492,650 |
| Spain and Portugal | 49,320 | 49,675 | 52,585 | 52,185 | 50,255 | 52,045 |
| Japan . . . . | 42,740 | 48,935 | 43,000 | 47,000 | 46,000 | 55,000 |
| Mexico . . . . | 60,500 | 56,500 | 40,000 | 56,000 | 61,500 | 54,000 |
| Australasia . . | 36,250 | 41,250 | 39,500 | 34,400 | 40,315 | 41,840 |
| Chili . . . . | 25,745 | 26,685 | 38,315 | 35,785 | 35,235 | 29,595 |
| Canada . . . . | 25,460 | 25,615 | 28,570 | 24,105 | 25,715 | 24,930 |
| Russia . . . . | 10,490 | 15,000 | 20,085 | 17,750 | 22,310 | 25,570 |
| Peru . . . . | 8,505 | 10,575 | 15,000 | 16,000 | 18,305 | 25,445 |
| Germany . . . | 20,300 | 20,500 | 20,000 | 22,500 | 24,700 | 22,000 |

The latest available statistics show that among the gold-producing countries of the world Japan only occupies the eleventh place, but it should be noted that Korea, which is now under her domination, ranks eighth on the list. Japan is the second greatest sulphur-producing country in the world. In petroleum she takes the fifth place, and her production is practically equal to that of India. With respect to the output of coal she stood eighth in 1905, and as the total has increased it may not unreasonably be assumed that she has maintained her position. At one time Japan occupied third rank in antimony, but for several years the quantities of production decreased. In 1906, however, there were some evidences of revival.

The table on the next page gives the values in yen of the minerals produced during the six years stated :—

| | 1905. | 1906. | 1907. | 1908. | 1909. | 1910. |
|---|---|---|---|---|---|---|
| Gold . . . | 4,063,820 | 3,572,940 | 3,868,755 | 4,457,430 | 5,077,058 | 5,537,770 |
| Silver . . . | 3,293,408 | 3,351,453 | 4,040,431 | 4,362,740 | 4,261,481 | 4,974,230 |
| Copper . . | 23,663,331 | 29,233,853 | 32,467,871 | 22,409,424 | 24,536,150 | 26,426,220 |
| Lead . . . | 321,896 | 496,909 | 568,636 | 405,123 | 428,204 | 429,975 |
| Iron . . . | 2,639,117 | 2,595,122 | 2,634,730 | 1,970,940 | 2,536,468 | 2,832,700 |
| Iron pyrites . | 75,003 | 93,995 | 202,947 | 171,459 | 106,840 | 251,765 |
| Antimony . | 91,784 | 228,626 | 143,834 | 53,578 | 39,452 | 40,258 |
| Manganese . | 81,766 | 82,827 | 144,101 | 82,594 | 51,119 | 31,805 |
| Coal . . . | 40,196,695 | 63,144,000 | 59,961,264 | 63,623,773 | 58,213,680 | 55,305,615 |
| Sulphur . . | 575,226 | 613,865 | 788,790 | 748,098 | 812,673 | 1,004,348 |
| Petroleum . | 2,942,910 | 3,145,562 | 5,218,737 | 6,520,871 | 6,428,514 | 6,592,470 |
| Others . . | 164,841 | 413,380 | 512,254 | 587,633 | 835,879 | 939,013 |
| Totals . | 78,109,797 | 106,972,472 | 110,552,350 | 105,393,663 | 103,327,518 | 104,366,169 |

The total value of the mineral products of Japan during 1910 was upwards of £10,400,000. When this figure is compared with that of 1887, which was only £1,000,000, and also with that of ten years later—£3,500,000—it will be seen that Japan has profited in no small measure from the development of the mining industry. The value of the output of the principal mines constituted 84½ per cent. of the total.

As copper is the most important metallic resource of Japan the writer proposes to deal with it more fully than with other branches of the mining industry. At present nearly two hundred mines are producing copper. The best European experts agree that the leading companies are conspicuous for their sound business management and the up-to-date character of their methods. Every new improvement in mining machinery is carefully investigated and readily adopted if found to be of practical use. Moreover, experts are frequently sent abroad to acquire the latest knowledge and experience of foreign copper mining, and every precaution is taken to secure the best results that modern methods can produce. The ores found in Japan are mainly sulphides—a condition consistent with the formation and character of the country. The three leading copper-mines, together with the areas and productions, are as follows :—

| | Area. | Output. |
|---|---|---|
| | *Tsubo.* | *Kin.* |
| Ashio . . . | 1,882,630. | 11,296,561 |
| Kosako . . . | 366,368 | 11,157,661 |
| Besshi . . . | 7,492,700 | 9,063,804 |

The Ashio, which is the first copper-mine in Japan, occupies the twenty-ninth place among the copper-mines of the world, and employs more than ten thousand people. It is owned by the Furukawa Mining Company—an important corporation which possesses no fewer than fifteen copper-mines, three silver-mines, and seven coal-mines, and which, in respect of its total products, stands very high among the world's copper companies. Stevens in his invaluable and authoritative work entitled, "The Copper Hand-book," explains that the mine was discovered in 1610, and that it was worked by the Tokugawa Government. In the latter half of the seventeenth century it produced between 2,000,000 lb. to 3,000,000 lb. of fine copper annually, and the surplus which was left after home demands had been supplied was exported to Holland. When the Furukawa Company secured possession in 1877 the mine was only producing 400,000 lb. of copper, but during the last thirty years the output has been increased more than thirty-seven fold. This progress Stevens attributes to "good handling and careful development, coupled with the introduction of the most approved methods and modern machinery." He mentions that as the nearest railroad station is Nikko, distant nine miles over the mountains, "supplies are brought in tram-cars hauled by bullocks to the foot of the mountains, five miles from Nikko, and transported thence to the mine by two aerial trams. . . . Power for the aerial trams is furnished by a water plant with Pelton wheel near Ashio. There also is a horse-tramway connecting the different mines and smelters. Steam, water, and electric power are used, there being five electric plants developing about 2500 horse-power generated mainly from adjacent streams." The veins are remarkably profuse, and although hundreds of them are said to exist, only thirty are worked at present. According to Stevens the ores give

average smelter returns of about 4 per cent. copper, with small silver values.

The Kosaka mine is owned by Fujita, Kumi & Company whose capitalisation is set down at £6,000,000. It is believed that this property when more fully developed will take the place of the Ashio mine as the first copper property in Japan, and that it will eventually become one of the finest productive sources in the whole world. It was discovered two hundred and fifty years later than the Ashio, and has only been working under the enterprising Fujita management since 1884. A few years ago British capitalists offered £2,000,000 and a large share interest for the mine, but the owners intimated that they were not prepared to consider any suggestions for the sale of the property. Stevens describes the ore of the Kosaka mine as "chalcopyrite, associated with sphalerite and pyrite, impregnating and cementing a volcanic tuff." He adds that the ore bodies, five in number, are of enormous size, and that the largest of them is 100 to 600 feet in thickness, of one-half mile known length, and proven by drill-holes to a depth of 1700 feet. In 1905 the production was as follows: 923,842 oz. gold, 1,087,665 oz. silver, and 13,984,768 lb. fine copper, which from 311,413 long tons of ore treated gives average smelter returns of 2.3 per cent. copper, 3.5 oz. silver, and 0.03 oz. gold per long ton. Power is derived from a turbine water-wheel, and the company owns several saw-mills and eight miles of electric railway.

The Besshi mine, which stands third among the copper-mines of Japan, produced 3,000,000 lb. of copper yearly at the end of the seventeenth century, and was then believed to be the most remunerative copper property in the world. In 1906 the Besshi mine produced 3,000,000 kin more than in 1905—a larger increase than was recorded for any other copper-mine in Japan. It is owned by the Sumitomo Company, and was first seriously developed in 1610. "The ore body is a vein of 4 to 30 feet width," writes Stevens, "with an average of 20 feet, developed for a length of about 6000 feet, and occurs in alternating layers of chloritic and graphitic schist, each enveloped by a quartz schist, known locally as habu, with interstratification of piedmontite schist. Step faults run

nearly parallel from east to west, giving throws of 10 to 20 feet, with occasional throws up to 60 feet. The ore is chalcopyrite disseminated in pyrite averaging about 4.5 per cent. copper."

There are altogether thirteen important copper-mines in Japan, with an individual production of either nearly a million or over a million kin. Side by side with the progress in mining there have been important developments in the refineries. Soon after the war slackness made itself felt in the industry, and in order to minimise competition all the refineries in Ōsaka, representing a capital stock of half a million sterling, with the exception of two large firms, decided to amalgamate.

Enough has been written to show that in copper-mining Japan has been more progressive than in any other branch of the mining industry. To those who are engaged in the business, or who are deeply interested in the subject, I would recommend the study of Stevens' standard work on copper, which gives a concise description of all the Japanese mines of any importance.

In lead the Kamioka mine is the most productive, with 2,813,052 kin from an output of ores of 12,242,717 kwan in an area of 75,124 tsubo. The Kosaka and the Mazumi mines, with a production of half a million kin of metal, are next in the table. The Kamaishi, with an area of 846,202 tsubo, an output of ores of 20,496,964 kwan, and a production of metal amounting to 9,846,442 kwan, is the principal iron-mine. With one exception the production of the other mines is exceedingly small. In manganese the Birika mine, with an output of 640,110 tsubo, produces 5,277,679 kin of ores; while the Iwasaki, with an area of only 132,276 tsubo, yields 2,175,925 kin. Coal is found in Japan, chiefly in Kyūshū and Hokkaidō. The principal coal-field is the Miike, in Kyūshū, which from an area of 14,000 acres produced 1,482,130 metric tons. Only one seam out of several which have been found is worked, and this measures about 8 feet in thickness. The mines are very watery, and considerable expense has been involved in laying down pumps. Altogether it is estimated that more than 5000 people find employment. The production of all

other coal-mines in Japan is below half a million tons. The various mines of the Chikuho coalfield, which extends over 30 miles north and south, and 8 to 16 miles east and west in Kyūshū, supply one-half of the output of the whole country. The best quality Japanese coal is derived from three small islands near Nagasaki, named Takashima, Hajima, and Nakanoshima, which are known as the Takashima coalfields. The working galleries of the eleven seams now being exploited are situated under the sea, and 3000 miners are employed producing 16,000 tons each day. In the northern colony of Hokkaidō coal is exceedingly plentiful. Here the Hokkaidō Colliery and Steamship Company own the principal mines. The most productive mine is the Yubari, which employs 5000 people, and which, from an area of 8,243,857 tsubo yields 400,000 tons annually. Four seams measuring from 4 to 25 feet are being worked. There is a considerable area in Hokkaidō where coal, although known to exist, has not yet been developed.

Petroleum is found in the provinces bordering on the Japan Sea. Successful borings were first made in Echigo in 1890, and five fields are now being worked in that province. The Standard Oil Company is among the leaseholders. The first petroleum field in 1906 was the Oguchi, which from 333,813 tsubo yielded 223,840 koku. The second oil-field was the Nagamine, producing 180,911 koku. The petroleum industry generally is in a very backward state, and although the methods employed have lately showed much improvement they are not by any means as progressive as those of Europe and the United States. The yield of oil in Japan is only 35 per cent. of the amount consumed, and consequently the great bulk required is imported from abroad.

British and foreign capitalists generally will no doubt be anxious to learn whether or not the mining industry of Japan affords suitable openings for investment. In this connection, after having made personal investigations in the country, and availed myself of the opportunity of reading the reports of experts, I should be inclined to advise capitalists to invest their money in properties nearer home. My reasons for doing so are several.

As a rule the terms offered by the Japanese are not sufficiently equitable to be attractive. Moreover, the mining industry is mainly in the hands of six or seven leading families who naturally decline to part with properties the values of which have been established, and who are constantly on the lookout for new mines, or mines partially developed and promising. The following are the names of the principal owners and the values of their mining products in 1906: Mitsui, 11,000,000 yen; Mitsu Bishi, 10,000,000 yen; Furukawa, 9,000,000 yen; Fujita, 7,000,000 yen; Tanko, 7,000,000 yen; Sumitomo, 5,000,000 yen; Kajima, 4,000,000 yen.

A typical instance of the ramifications of the mining groups of Japan came under my personal notice. Some well-known financiers in London were approached with a view to the purchase of one of the best coal-mines in Japan. Experts examined the property and reported that the amount of coal in sight was enormous. The conclusion of a sale was thereupon made dependent upon a favourable statement concerning local conditions, but the opinion of several Japanese business men on the subject, which was sought and paid for, was such as to lead to negotiations being terminated. A few weeks later one of the business men to whose report so much weight had been attached purchased the property himself, and, as a consequence, considerably increased his wealth. Foreign capitalists who wish to invest money in Japanese mines, and who may find it necessary to seek either the advice or partnership of Japanese business men, should adopt the ordinary business precaution of securing themselves by means of strict legal agreements. They will find some valuable hints in a succeeding chapter which deals with the vexed question of the reasons that were responsible for the failure of City syndicates in their relations with the Japanese. As I have pointed out before, however, it is extremely unlikely that foreigners will ever obtain any material interest in Japanese mines. In this view I am fully supported by the opinions of the best experts. "Foreigners or foreign corporations cannot hold title to Japanese mines," writes Stevens, "but foreigners can become interested as partners with Japanese subjects in mining pro-

perties. The mining industry, however, to all practical purposes is exclusively in the hands of the Japanese, and likely to remain so." Soon after the war Mr. R. T. Frechville, who is very well known on the Rand, investigated the mines of Japan on behalf of British capitalists. According to the *African World* his advice to his clients was, "leave Japan alone." As a mining country, he said, Japan was of little account—save for Japanese. British or American companies would bankrupt themselves trying to pay expenses in mines that were yielding the Japanese rich returns. "In both large and small mines," he commented, "I found the same conditions—low grade ore everywhere, with cheap labour and plenty of it. The country is hilly, and the mines are worked by mining drifts into the hillside which saves the cost of pumping. Finally, Japan's mines are of great value to Japan, but no good to any one else."

Mr. M. Eissler, another well-known engineer, was also disappointed with the conditions he found existing in Japan. He complained that men interested in mining claims and projects were altogether too visionary in their ideas, looking to the immediate acquisition of great wealth, merely on the strength of what in reality might be nothing more than the preliminary inquiries of practical men and would-be investors.

These views, embracing as they do the results of the serious investigations of Western experts, are of undoubted value. The large and well-established mines are in the hands of leading firms who naturally see no reason why they should sell their properties to foreigners. The smaller mines with low grade ores only produce limited profits—and this merely because they are conducted at the minimum amount of expenditure, and by means of much cheap labour and as little machinery and modern method as possible.

Such concerns are far too insignificant to attract the attention of foreign capitalists who realise that they can obtain better returns on their money in investments of greater scope which have the additional merit of being nearer home than Japan. Moreover, there are always two prices in Japan—the larger for the foreigner and the lesser for

the Japanese. As soon as a capitalist from abroad begins to make any inquiry about a mine the would-be vendor indulges in fantastic dreams as to the amount of wealth that awaits him. As the negotiations advance stage by stage, so the price increases, until at last the transaction of business is not infrequently marred by the prohibitive terms demanded. The Japanese imagine that if a capitalist considers a property sufficiently attractive to despatch an expert to the scene, he is very likely to become an eager purchaser. I have known some mine-owners who expected that foreign capitalists would purchase their properties on the mere statements of Japanese experts, and who were surprised that the opinions of foreign mining engineers were needed.

One cannot therefore counsel too much care in dealing with Japanese mines. The ideal system would be, of course, to negotiate through the medium of some Japanese who would be able to obtain, as a Japanese, terms probably lesser by half than those that would be offered to a foreigner. But trustworthy Japanese who deal in mines are rare, and, moreover, few capitalists when spending their money are prepared to remain in the background. I have heard of more than one case, though in other businesses than mining, where the Japanese proxies having become nominal proprietors on behalf of foreigners, used their positions subsequently to extort unreasonable terms. Unless thoroughly tried and trusted Japanese are at hand it will be found in the end that the cheapest method of transacting business, which requires the purchase of property, is to pay the larger price required from the foreigner, instead of endeavouring to circumvent the obstacle of nationality. In any case it would be difficult to act otherwise in regard to mines. Assuming that reliable Japanese could be found to conduct negotiations on behalf of capitalists who consented to remain in the background until the purchases of properties were completed, the opinions of experts would still enter into the question. Few Japanese mining engineers can be relied upon; the majority invariably incline to the sanguine side, and base their reports on speculative rather than on scientific theories. There are, of course, exceptions. The best mining

engineers are in the employ of the leading firms, and, apart from these, the circle of thoroughly competent men is exceedingly small, and is limited more or less to those who enjoy the confidence of the Government—authorities like Professor Watanabe and the experts attached to the Mining Bureau. Foreigners who wish to invest in Japanese mines, therefore, cannot under any circumstances dispense with the necessity of sending out their own experts. Occasionally a promising property comes into the market, the owner of which is reluctant to sell to the leading Japanese firms. It may be that he has personal reasons for wishing to avoid treating with his own countrymen, but more often than not he believes that he can obtain a higher price from the foreigner. He is selling mainly because he is impecunious; he has been compelled to discharge a number of workmen; and unless he is financed it is only a question of months before the mine will be closed down. The mine only needs developing to become profitable, but development costs money, and he has no money. If he can obtain funds quickly he is prepared to let the property go at a cheap, often a ridiculous price; the essence of the transaction is quickness. He has lived in the country all his life, and cannot speak any foreign tongue. He visits Tōkyō to see his friend, who has probably never been out of Japan, but who talks a limited amount of English, and who in nine cases out of ten knows a representative of a London syndicate. A series of discussions between middlemen on both sides follows. Much time is spent in deciding in advance upon the sharing of profits. The syndicate representative requires an option, and in all probability the Japanese middleman represents himself as being the owner of the mine, and cheerfully signs a document not worth the paper that it is written upon. Then the syndicate representative returns to London. He is fortunate if he does not find that a number of other people are wandering about with "sole options" upon the property which he considers he has in hand. After meeting more middlemen he is eventually introduced to a capitalist, who decides to send a mining engineer out to Japan. Meanwhile the Japanese mine-owner—the real mine-owner—tired of delay, and in all probability pressed hard by creditors, de-

cides to sell the property to Japanese capitalists. I have explained at some length a procedure which happened more than once while I was in Japan, because I wish to emphasise the fact that the few promising mines which come into the market in Japan must be dealt with quickly. In some instances Japanese mine-owners who did actually get into touch with the capitalists direct, were so impecunious that they could not reserve their properties until mining engineers had visited Japan and returned with reports. They invariably argued that assuming the expert opinion was unfavourable six months would have been wasted. As mining transactions are not a matter of minutes, it can readily be understood that very little business was done. If foreign capitalists were to establish themselves in Japan, with expert advisers on the spot, and were prepared to carry negotiations to a speedy conclusion, they might obtain some remunerative mining properties; but I fear that in this department of Japanese industry the great majority of proposals submitted to them would require exceptionally careful consideration. Mine buying, no matter in what part of the world, is always looked upon as requiring shrewd qualities, but in Japan it will be found that the difficulties of dealing with the law and the language, and the peculiar characteristics of the people, call for more than ordinary acumen. No business should be undertaken without the constant advice and guidance of a first-class lawyer, and care should be taken that all title-deeds and other documents are accurately translated. The Japanese have a wholly exaggerated idea of the value of their mines, and too much trouble cannot be taken in the verification of their statements. The difficulties in the way of foreign capitalists wishing to invest money will prove so great that I am confident that little will be done in this direction. The Japanese Government and the Japanese people wish to keep the ownership of the soil of the country and of the things under the soil exclusively Japanese—an ambition which, it must be admitted, is altogether patriotic and in many respects distinctly worthy. The mere fact that foreigners must constitute themselves "juridical persons" before they can possess mines is in itself a plain indication of the national sentiment on the subject, and the

frank recognition of this circumstance by foreigners will save much time and not a little vexation. As far as mining company promotion is concerned, only one comment need be made—the Japanese have nothing to learn from the rest of the world in this respect.

# XLI

## THE RIGHTS OF FOREIGNERS IN JAPAN

THE history of Japan's treaty relations with the Powers covers little more than half a century. In 1854, Commodore Perry, on behalf of the United States, concluded the first treaty with Japan. Four years later Great Britain was similarly successful. Altogether Japan entered into treaty relations with fifteen different States, waiving the right of jurisdiction over foreign subjects, and providing for an *ad valorem* import duty on the basis of only 5 per cent. The fact that no date was stipulated for the termination of the treaties placed Japan in an unfortunate position as far as the future was concerned, inasmuch as it rendered it entirely discretionary whether or not foreign countries should agree to open negotiations with a view to revision. The terms of the conventions were distinctly disadvantageous to the Japanese, who were compelled to deal with fifteen different Consuls, many of whom were merely merchants acting in honorary capacities. At the same time it must be remembered that the anti-foreign spirit was still strong in the land, and that the Japanese judiciary was wholly incompetent to administer either equity or law to foreign suitors. That Japan wished for a speedy removal of treaty restrictions was evident from the mission of Prince Iwakura to Europe in 1871—a mission which, according to Sir Francis Adams, had for its main object the abolition of extra-territorial privileges. At that time, the same distinguished authority relates, there was little civil law, and the administration of the criminal law was attended with cruelty and rendered infamous by the application of torture.

The Powers ultimately agreed among themselves to adopt a common policy in their relations with Japan. In 1879, however, the United States took the initiative and concluded a treaty the

terms of which gave satisfaction to the Japanese. This treaty was completely nullified by a stipulation that its provisions should not come into operation until agreements of a similar nature had been arrived at with the other Powers. Three years later a conference of all the treaty-signatories was held in Tōkyō, when, in return for the abolition of consular jurisdiction, the Japanese offered to throw open the whole Empire to foreign trade and residence, and suggested the appointment of a number of foreign judges on a principle similar to that existing in Egypt. The negotiations had no immediate result. A conference was again convened in 1886. British and German delegates led the way by frankly acknowledging Japan's progress, and recorded the view that she was entitled to treatment on a basis of equality. A provision, however, that mixed tribunals should be established provoked popular discontent, in consequence of which the Government were compelled to adjourn the conference *sine die*. Three years later Mexico, who possessed no interests in Japan, acted on her own account and concluded a treaty. But the United States was the first among the great Powers to revise her treaty relations with Japan on a basis approaching equality. Russia and Germany soon followed her example. The new conventions opened the Empire to foreign trade, and among other things provided for the appointment of four foreign judges to the Supreme Court. When these terms became known there was an outburst of popular indignation throughout the country, and Count Ōkuma, who was then Minister of Foreign Affairs, lost a leg as a result of a bomb which was thrown at him. A wave of anti-foreign feeling immediately swept through the land. Not only was it urged that the presence of the foreign judges would be contrary to the principles of the Constitution, but the admission of foreigners to free and unrestricted residence in all parts of the Empire was made the subject of bitter opposition. In consequence of this exhibition of popular feeling, the Government withdrew from the negotiations that were in progress, and the treaties already made were not ratified.

The question of treaty revision was not allowed to remain dormant. Popular sentiment changed in its favour and the Government, whose hands were thereby strengthened, opened

negotiations with Great Britain, who possessed predominant commercial interests in the country. On July 17, 1894, a treaty was concluded as a result of which the British Government, with a disregard for British interests that was almost cynical, surrendered to Japan all that she demanded, and in return obtained literally nothing by way of tangible compensation. Although it was stipulated that the treaty should not come into operation until a period of five years had elapsed, the British diplomatists, in spite of the fact that at the time some of the Japanese codes of law had not been made public, did not hesitate to agree to the abolition of extra-territorial rights. Nor, even with the information at their disposal, did they prove themselves competent as the trustees of British interests. While agreeing to place British subjects under the law of Japan, they ignored the all-important fact that that self-same law not only discriminated against foreigners inasmuch as it did not permit them to own land or to lease land for mining or agricultural purposes, but that it was framed largely to suit the requirements of a people who had only recently emerged from the toils of feudalism, and, in the hampering restrictions which it placed on the freedom of speech and action, was directly in conflict with the traditional principles of Great Britain. The United States followed the example of Great Britain, and was equally generous in the terms of her treaty with Japan. France and Germany, on the other hand, proved more far-seeing in their policy, and some of the principal advantages afterwards enjoyed by Anglo-Saxons in Japan were to be attributed solely to the operation of the most favoured nation clause. The primary error committed by the Foreign Office in 1894 was that of allowing the scene of the negotiations to be Downing Street, where, as events proved, there appeared to exist only a very hazy knowledge of conditions in Japan. Chamberlain, who is a sincere friend of our Allies and a leading authority upon the affairs of the country, has written with some warmth on this subject.

I may, perhaps, be pardoned for quoting at length from his utterances when I explain that my principal object in so doing is to demonstrate that even one so kindly disposed towards Anglo-Japanese relations cannot overlook the cardinal mis-

takes of our early policy. "As the date for the enforcement of the treaty drew near," writes Chamberlain in that admirable work, "Things Japanese," "and men had to make arrangements accordingly, they found themselves confronted with obstacles which could never have arisen had the negotiators exercised ordinary foresight. The ambiguity of the document was not the least of its defects. A careful consideration of what was *not* stipulated for, as well as of what was, showed that, under the new treaty, British subjects might, if the Japanese Government so ordained, lose their privilege of publishing newspapers and holding public meetings; in a word, their birthright of free speech, and that it was doubtful whether their doctors and lawyers would be allowed to practise without a Japanese diploma. Even the period for which leases could be held was left uncertain; the conditions of the sale and re-purchase of leases in what had hitherto been the foreign 'Concessions' were left uncertain; the right to employ labour and to start industries was left uncertain; the right of foreign insurance agencies to continue to do business was left uncertain. As for the question of taxation—a matter of prime importance if ever there was one—which almost immediately ramified into a labyrinth, the negotiators had simply not troubled their heads about it. With things in this state, and with new duties of from 30 to 40 per cent. levied precisely on those articles which are prime necessities to us but not to the Japanese, could any one imagine such terms having ever been agreed to except as the result of a disastrous war? . . .

"Sacrificed, as they have been, on the altar of *la haute politique*, the only sensible course for the foreign residents to pursue is to make the best of a bad bargain, and that is what they have set themselves to do by arranging for the execution of trustworthy English versions of the codes, such as may acquaint them with the details of their new position under Japanese laws, and by other endeavours to ensure the harmonious working of the new machinery. Down to 1899, their settlements in Japan had formed—as Shanghai still does to-day—a sort of little republic, without political rights, it is true, but also without duties. They paid few taxes, carried on their business free of police inquisition, printed what they

liked in their newspapers, and, generally, did what was right in their own eyes. Now all that has been changed, and they must learn to jog along under less favourable conditions. Such miscarriages of justice as the 'Kent case,' the 'Kōbe Water-works case,' and the 'Clifford Wilkinson case' have not been calculated to reassure their minds as to the superiority of Japanese to English law; but they hope for the best. The heavy and complicated system of taxation—especially the business tax, with its wheels within wheels—weighs their business down; but there again they hope for the best. Meantime lawyers, officials, and arbitrators can go on arguing and penning despatches to their hearts' content. The house-tax question alone has produced cumbrous volumes in several languages; but the day of settlement is not yet. The conclusion would seem to be that neither the advocate of European official methods, nor those (and the present writer avows himself one of them) who love Japan but dislike jingoism, can find any source of edification in this page of modern history, on which so much pettiness and shiftiness are inscribed."

The treaties came into operation in 1899, and it was not long before friction arose in consequence of the ambiguous phraseology of their terms. Article XVIII. of the Anglo-Japanese Treaty stipulated that "Her Britannic Majesty's Government, so far as they are concerned, give their consent to the following arrangements :—

"The several foreign settlements in Japan shall be incorporated with the respective Japanese Communes, and shall thenceforth form part of the general municipal system of Japan.

"The competent Japanese authorities shall, therefore, assume all municipal obligations and duties in respect thereof, and the common funds and property, if any, belonging to such settlements, shall at the same time be transferred to the said Japanese authorities.

"When such incorporation takes place, existing leases in perpetuity under which property is now held in the said settlements shall be confirmed, and no conditions whatsoever other than those contained in such existing leases shall be imposed in respect of such property."

The Japanese sought to levy a house tax in connection with buildings erected on land held under perpetual leases; but the foreign residents strenuously resisted the suggested impost on the ground that it was contrary to treaty provisions. In 1902 the Japanese Government consented to submit the whole question to the arbitration of the Hague Tribunal. At that time the British Minister, in view of the Alliance, was anxious to preserve cordial relations with the Japanese, and had he not been advised by Mr. R. Masujima, an eminent Japanese counsel, whom he consulted, that the contention of the foreign residents was admissible, there would in all probability have been yet another surrender of foreign interests. The decision of the Hague Tribunal, which was given in May 1905, was against the Japanese Government.

"The provisions of treaties and other engagements mentioned in the arbitral protocol," declared the text, "do not merely exempt land held in virtue of perpetual leases granted by the Japanese Government or in its name; they exempt lands and buildings of whatever description constructed on such lands from all impost, taxes, charges, contributions or conditions whatsoever other than those expressly stipulated in the leases in question."

Furthermore the tribunal set forth the reasons prompting this decision. The question at issue was that of determining whether or not from a fiscal point of view buildings erected on leased lands had by common accord been regarded as accessories to the land. The solution of the question did not depend upon the distinction drawn from an alleged difference as regards the rights of ownership in those immovables. The tribunal, therefore, did not consider the discussion on this point which was based on the principles of civil law. The lands in question were leased for purposes of erecting buildings in certain localities. The obligation to build was imposed under penalty of cancellation of leases. Leases often contained a clause that the buildings should become the property of the Japanese Government in case the lessees failed to fulfil their engagement. These circumstances offered arguments against the claim that land and buildings constituted entirely distinct objects as between the parties, and from a fiscal point of view the Japanese Government in granting leases acted not

merely as the owner of lands but as sovereign. The intention of the parties was therefore the law in the matter, and for the correct interpretation of those leases it was necessary to refer to the treatment accorded to lease-holders from the point of view of taxation. In this respect, according to the invariable practice which had existed for a long series of years, not only land but the buildings erected thereon had been exempt from taxes, &c., other than those expressly stipulated in the leases.

With this decision the matter was allowed to rest for some three years, when, probably owing to the low state of the National Treasury, the Government again raised the issue in an acute form, and, on the ground that the Hague award only precluded the levying of land and house taxes, they imposed income and business taxes in relation to the leased properties. Acting on the advice of diplomatic representatives, to say nothing of the threat of distraint, these charges were paid under protest. The foreign residents contended that the ground rents paid by them comprised not only rent to the Government for the use of the ground, but also all taxation, that the business and income taxes were tantamount to a tax on the property itself, and that such taxes tended to diminish the value of perpetual leases. In plain language, they claimed that they were called upon to pay twice over. The issue is still pending between the Japanese and the various foreign Governments interested.

In the matter of rights enjoyed by foreigners one reservation, which was the subject of considerable comment of an unfavourable nature, was withdrawn last year. Foreigners are no longer precluded from owning land in the country. In the early part of 1910, during the twenty-sixth session of the Diet, the Government introduced a Bill for the enactment of a law granting to foreigners the ownership of land in fee simple. A note annexed to the Bill stated that:—"According to the law in force foreigners are not allowed to possess the right of property in land (in Japan). With the career of the nation in the ascendant, the people have gradually grown in their real ability and confidence in themselves, so that there no longer exists any objection to granting to foreigners the right of possessing land. Not only that, but it has become necessary at this juncture to grant to foreigners

the said right in consonance with the usage commonly obtaining in different countries of the world."

Under the new law it was provided that the right to hold land by foreigners in Japan should be exclusively restricted to the subjects of such countries as permitted the same privilege in regard to the Japanese; and also that no foreigner should be permitted to acquire, or to hold, land in Hokkaidō, Formosa, Saghalien, or in any locality in Japan proper set aside for the purposes of national defence. The Bill enjoyed a mixed reception when it was presented to the Diet; but the Government had made up their minds to depart from the parochial policy that had characterised the treatment meted out to foreigners for nearly three decades past. The Lower Chamber, however, was not prepared to go so far as the Government, and the Bill was amended in such a manner that a foreigner, in order to own land in Japan, would require to possess a domicile or place of residence in the Empire, and, if a juridical person, a place of business; that a foreign juridical person, before acquiring land, would be obliged to obtain the sanction of the Minister of State for Home Affairs; and that a landowner losing his legal qualification would be required to dispose of his estate within five years. In its amended form the Bill was sent to the Upper House where it was passed practically without opposition. The Tōkyō correspondent of *The Times*, commenting upon the new measure, stated that, "The amendments served chiefly to indicate that the Japanese nation has still some sense of timidity in the presence of the Occidental capitalist. Of course the residential condition has no practical value. A man may have a place of residence without residing there. But the provision that an estate that ceases to be lawfully ownable must be disposed of within five years distinctly impairs the value of the concession."

Japan has received nothing but commendation for this enlightened legislation. But her friendly critics would seem to have disregarded one or two essential circumstances that contributed in no small measure to her change of policy. Her statesmen fully realised that in 1911 the treaties with foreign countries would expire, and, rather than have the thorny question of landownership settled by the binding terms

of international treaty they wisely decided to anticipate all diplomatic negotiation by themselves adopting suitable legislation. At the same time they reasoned astutely that advanced concessions would smooth the way for the revision of the treaties, and would give them some tangible justification for framing their demands to the advantage of the nation. Above all—for it must not be forgotten that the British are predominant among the international communities in Japan—the Government were keenly desirous of retaining the close friendship of England—ally and banker.

# XLII

## THE PIRACY OF TRADE MARKS

FOR many years the whole question of foreign trade marks in their relation to Japan and the Japanese has proved a constant source of irritation. The evil reputation assigned to the commercial community of the country has been largely due to the frequent exposure of flagrant cases where Japanese have acquired the right to use trade marks and designs which, strictly speaking, belonged to foreigners. Consequently they were enabled to find a ready market for their wares among buyers, who, recognising the trade mark as that of some well-known firm, believed that a standard of quality was thereby guaranteed. That in itself was sufficiently iniquitous. But in several instances the utter immorality of the proceeding was even more clearly demonstrated inasmuch as the original manufacturers of various articles were actually prevented from selling their goods under their own labels and trade marks, and whole consignments which they had imported were seized by the Customs authorities as a result of protests made by the wrongful owners. Nor was the evil confined to Japan. The markets of China were literally flooded with Japanese goods which bore pirated trade marks belonging to well-known foreign firms. It may be urged that a country with pretensions to a civilisation equal to that of the European nations, a country that boasts of the possession of an even higher moral code—*Bushido*—than that which rules the Western world, would have long since provided a legal remedy against the evils of trade mark piracy. As a matter of fact, it was not until the combined diplomatic pressure of the great manufacturing nations of the West was brought to bear upon the Government of the day, that legislation was passed whereby the European and American

merchant was accorded some measure of protection against the unscrupulous section of the Japanese commercial community. Until November, 1909, when the revised laws with regard to patents, trade marks, designs and utility models came into force, it was certainly stipulated that trade marks calculated to deceive the public should not be registered, and also that those identical with or similar to those in use before the operation of the original law—that is, before July 1, 1899—should be ineligible. But it was admitted that in consequence of an oversight a trade mark coming within the latter category might be registered. In that event the original owner could not have his rights restored unless he brought the matter to the notice of the Patent Bureau within a period of three years of the date of registration. Briefly, the law provided no protection in this matter to merchants or manufacturers, save only to those who had registered their trade marks or whose trade marks were in use in Japan before July 1, 1899. In cases where a mark had been pirated and registered, and the three years' limit in which a protest could be legally filed was allowed to pass, absolutely no remedy existed. The Japanese contended that the law afforded ample protection for the rights of foreigners, and that merchants and manufacturers who neglected the precaution of registering their trade marks had only themselves to blame if they found themselves forestalled. On the surface this argument appeared to be sound common sense. But it is open to question whether, in the case of Japan, the application of the principle of priority of registration was sufficient to insure that measure of respect for rights which the citizens of one State might reasonably expect from the citizens of another.

That a similar system has worked with success in some European countries is beside the question. Japan, as far as commercial development is concerned, is a new competitor among the nations of the world. In the brief course of her industrial expansion she has been guided largely by the results of the experience of her rivals. She has copied with admirable fidelity their inventions and their ways—and incidentally, on many occasions, their trade marks. In these respects the imitative qualities of her people have certainly stood her in

good stead. While trade mark laws, framed, as Great Britain and the United States, upon the principle of priority of use rather than upon priority of registration, might perhaps have restricted Japanese merchants and manufacturers in their choice of design, it is easy to realise that they would have eliminated those elements of competition which, in spite of compliance with the letter of statute requirements, must be regarded by all fair-minded and impartial individuals as neither more nor less than fraudulent. Remote as she was from the great centres of Western commercial activities, the possibilities of industrial Japan were not sufficiently taken into account. Merchants and manufacturers omitted to register their trade marks at Tōkyō, and the Japanese were not slow to profit by their negligence. The argument that the laws dealing with the subject were modelled on those enforced by several leading European countries was not convincing when the special conditions which existed in Japan were fully considered. At any rate, it could be of little satisfaction to foreigners who lost large sums of money as a result of unfair competition, to be told that, however fraudulent the tactics adopted by their opponents might appear to have been, they were at least in accordance with the laws of the land. One would have imagined that had Japan foreseen the friction that must arise over this matter between her people and the foreigners, she would have drawn up trade mark laws so stringent as to preclude all possibility of piracy. Although, in consequence, her trade might have suffered to some extent, her commercial credit would have been materially raised by the elimination of a form of competition to which a strong suspicion of fraud was attached, and by the removal of a constant source of irritation between the Japanese and foreign communities.

The following remarkable passage is taken from an address delivered early in January 1908 by M. Nakamatsu, the Director of the Patent Bureau, to the officials of the Department of Agriculture and Commerce: "How can a country, the morality of whose traders and manufacturers is of a low standard, expect prosperity in her commerce and industries? Among our business men, I am sorry to say, there are some who do not pay sufficient respect to

this most important principle, and who by their dishonest conduct are bringing discredit upon their country. They are acting under a mistaken notion that, as the object of commercial and industrial activities is to make profits, any means to achieve this object is legitimate, whether they be foul or fair. Thus they do not hesitate to imitate foreign products, or to steal foreign trade marks. Such unscrupulous conduct must be strictly prohibited, and measures must be taken to promote the credit of our business men. The business of the Patent Office has a close connection with the subject, especially in the protection of trade marks. In the discharge of their duties the officials of the Patent Office must therefore act most carefully and impartially, and, not content with the mere wording of the law, they must enter into its spirit of giving protection to rightful owners. It will not do to accept an application merely on the ground that it is not against the law, but they must also be convinced of the perfect propriety of the application. For there may be among many applicants some who, devoid of all moral sense, attempt to pass through the meshes of the network of the law. If such applicants be encouraged, the interests of rightful owners will be endangered contrary to the spirit of the law, and business morality, instead of being raised, will be lowered. For example, here is a well established foreign trade mark, and suppose a person, taking advantage of the mark not being registered in Japan, has applied for its registration in his own name. In such a case, it is my opinion that the application should not be accepted. If the fact cannot be ascertained, it cannot be helped; but with due diligence such dishonesty can in many cases be detected. Since the late war the standing of Japan among the Powers has been greatly raised, and the world keeps a keen eye upon all our actions. It is now high time to take measures to raise the moral standard of our business men, and to put a stop to all dishonest dealings; and in this endeavour the Patent Office must necessarily take a prominent part."

In the same year the Vice-Minister of Agriculture and Commerce found it necessary to issue a circular to the Chambers of Commerce throughout the country, in the course of which he stated that, "Consequent upon the recent expansion of

the industrial world and the growing intensity of competition, merchants and manufacturers are liable to sacrifice the interests of others for the sake of their own temporary gain. It is to be profoundly regretted for the future of our industries that not a few have imitated or stolen inventions, trade marks, and other industrial rights. Foreign trade marks and trade names have also been abused, and the victims have from time to time applied to the authorities for redress. Since it has an important bearing upon the reputation of this country, the authorities concerned have heretofore made strict examinations of all applications for imitated trade marks, and have refused the registration of those trade marks that might be meant to deceive the public." It was clear that at last the Government were fully awakened to the extent of the evil, and that the time had arrived when measures must be taken, if only with the object of saving the credit of Japan, to give adequate protection to foreign merchants trading in the country. Before they were able to put their intentions into practice, however, much harm had been done. It was obvious that those responsible for the administration of the law had been slow to use the remedy at hand, and that many offenders had been allowed to profit by their fraudulent trade under the very eyes of the authorities. In the course of a despatch, written at the beginning of 1908, Sir Claude MacDonald, the British Ambassador at Tōkyō, declared that in half-an-hour's walk in the capital he could find ten or twenty imitated British trade marks, and he mentioned several illustrative cases of well-known firms who had been victimised. His solution of the difficulty, however, was grotesque, for he suggested that British manufacturers whose trade marks had been pirated in Japan should allow the Japanese to retain possession, and that they themselves should employ entirely new trade marks. From sources other than those quoted above, overwhelming evidence was forthcoming that Japanese merchants had adopted a systematic practice of enriching themselves by registering foreign trade marks of all descriptions, with a view not only to using them on spurious imitations, but also to exacting fancy prices from foreign manufacturers in return for the surrender of the so-called prior rights.

The result of the legal proceedings taken by Messrs.

Buchanan against an Ōsaka dealer who had pirated their "Black and White" whisky trade mark, did not tend to inspire foreign manufacturers with any confidence in Japanese administration of justice. The Ōsaka District Court found that "this trade mark had no resemblance to that registered by Mr. James Buchanan, and therefore the action of the accused in using such a trade mark does not constitute any crime." While the Court of Appeal quashed this decision, it decided that no criminal offence had been committed because it was not proved that the accused possessed actual knowledge that the mark he had imitated was formerly registered. This judgment was, in turn, upheld by the Supreme Court, which ruled that ignorance of the publication of a mark in the *Trade Mark Gazette* exonerated the accused from the criminal charge of "actual knowledge." The palpable injustice of the whole proceedings lay in the fact that when the case was tried in the first instance the accused had not registered the trade mark, whereas Messrs. Buchanan had several years previously complied with all formalities necessary to secure their rights. Subsèquently, however, the accused managed to obtain from the Patent Bureau a registration of his imitation mark, and when the appeal was heard he had the effrontery to fall back on the plea that as he was using his own registered trade mark he could not be guilty of any offence. It is difficult to imagine how the officials of the Patent Bureau, who must have been well aware that this particular mark was the subject of litigation, came to assign a registration to the accused when a record of the selfsame mark, in favour of the original owners, was all the time preserved in their own department. To excuse their strange conduct, carelessness was alleged. Either they were hopelessly inefficient in the discharge of their duties, or utterly lacking in the elementary principles of honesty. In February of 1908 they repaired their error by reversing the decision of the legal tribunals, and the mark of the Ōsaka merchant was accordingly invalidated. The reasons for their decision are so ingenious as to merit being placed on permanent record. "In regard to the point whether the defendant's mark resembles that of the plaintiffs' mark," the judgment read, "the defendant argues that the prominent

part of his mark consists in the design of a bird in a circle and lions rampant entered in the centre of the mark, which is sufficient to distinguish the one from the other. But in examining the two trade marks the Tribunal finds that whereas the plaintiffs' mark consists of the entries of a few lines of English words, 'Scotch Whisky,' 'Black and White,' 'Specially selected for the House of Commons,' 'James Buchanan & Co., Ltd., Scotch Whisky Distillers, Glasgow, Leith, and London, Glentauchers-Glenlivet, Distillery, Mulben, Speyside, N.B.,' the defendant's mark consists of the entries 'by Warrants of Appointment,' 'Distillers to S.N. the King and S.N.S. the Prince of Wales,' 'Old Scotch Whisky,' 'Black and White,' 'Specially selected for the House of Commons,' 'Kotobukiya Nishikawa & Co., Old Scotch Whisky Distillers,' with an addition of a bird with outstretched wings in circle and lions rampant on each side thereof. Although some difference exists, as argued by the defendant, in the two trade marks, in that one has a design in the centre which is absent in the other, and also a few differences in the words entered on the mark, still such a difference is nothing more than a slight difference in the component parts of the marks, while the two marks are identical in their designs and appearance in the composition of the trade marks as a whole. Especially the entry attracting attention in the central part of the marks, viz. the words 'the House of Commons,' exists in both marks. The two marks when viewed from a distance are liable to be mistaken, the one for the other. The two marks, therefore, can be said to resemble each other. Whereas the plaintiffs' trade mark is registered on January 26th, 1904, the defendant's mark is registered under the date of April 24th, 1907. The defendant's mark, therefore, comes under the purview of No. 4 of Art. II. of the Trade Mark Law, and should, for this reason, be invalidated according to Art. IX. of the same Law."

No doubt pressure was brought to bear upon the Patent Bureau from higher quarters, where it was realised that a burlesque of justice, such as that which took place in connection with the Buchanan whisky case, was injurious to national credit. The original owners of the trade mark had

every cause to complain of the treatment meted out to them. They had been put to the trouble of tedious legal proceedings, to say nothing of the injury done to their business by the presence of a spurious imitation on the market. Other well-known firms, notably Crosse & Blackwell, Lea & Perrin, and Armitages (the latter in respect of their well-known Crocodile mark which had been in use on cotton piece-goods in China and Japan for about twenty-five years) have suffered serious losses in consequence of piratical imitations. Apart from the Buchanan case, there is more than one instance on record to show that foreigners cannot always rely upon Japanese Courts of Law to obtain justice. It has been urged in extenuation of some of the decisions given that judges are as yet inexperienced; but surely a sorry state of affairs is revealed when it is admitted that suitors must content themselves with losing their cases in order that practice should be afforded the occupants of the judicial bench!

As already mentioned the revised laws in regard to trade marks, which clearly established the principle of priority of use, came into operation in November 1909; and although there has hardly been time yet to judge of their ultimate effect, some distinctly satisfactory decisions have already been given in cases which it would not have been possible to obtain under the old law. One of these, which is likely to be quoted in future as a precedent, the "Monarch of the Oaks" case, is mentioned by the British Commercial Attaché at Tōkyō in his trade report for the year 1909. A Japanese had registered this mark in May 1903, and when an application for cancellation was made in 1907, he pleaded that under Article X. of the old law his mark could no longer be assailed as three years had elapsed. The judges, however, found that the foreign mark was well known to the public as it had been used in America since 1900 and had been continually imported into Japan since that date, and therefore decided that under Article XI. of the new law the registration in favour of the Japanese should be cancelled. The Commercial Attaché added, however, that infringements of registered trade marks still continue, and that it is not likely that they will disappear entirely until a few punishments, severer than a small fine, are imposed.

Years of evolution must pass before Japan reaches the level of the Western standard of commercial ethics. Admittedly she is making some progress in the right direction, but she has yet much to accomplish before her goal is reached. Commercial immorality exists in all nations. It will exist so long as men are human, and gain is their end. But in Japan commercial immorality is more widespread in character, more cunning in conception, more insidious in effect than in the countries of the West.

# XLIII

## BUSINESS AND BUSINESS MEN IN JAPAN

WHEN the war between Japan and Russia ended in August 1905, numerous syndicates were formed in London and on the Continent, with a view to exploiting Japan, Manchuria, and Korea. Since then, over six years have elapsed, and, but for the negotiation of a few loans, and the flotation of a company to erect waterworks at Seoul, the capital of Korea, not a single transaction of any magnitude has been concluded. Several of the leading syndicates have given up in despair all attempts to open business with the Japanese, and their resources are now being devoted to other and more sympathetic quarters of the world. Several large corporations, with ample funds at their back, have admitted that business under present conditions is utterly impossible, and have resorted to the winding-up process. Only two or three syndicates remain in the field, and these have not been able, so far, to accomplish anything of a definite nature.

Apart from channels of investment affording necessarily limited returns such as those provided by the various State and Municipal loans, it cannot be denied that British capital has obtained no single new outlet as a consequence of a campaign which Japan could never have brought to a successful conclusion, or even have entered upon, had it not been for the support of the British Government and the timely accommodation of British financiers. Indeed, in regard to southern Manchuria and Korea, it is no exaggeration to say that the vast resources of these territories are far more inaccessible to British capital to-day than they were before the war.

In the City, leading financiers will barely look at Japanese schemes. It is sufficient that proposals originate in Japan

for them to receive scant consideration and almost certain rejection. The policy of the Japanese Government in matters of finance is regarded as meddlesome and mean; the people are given the reputation of being wholly unreliable in their dealings, and extravagant in their estimates of the properties they seek to sell or finance; and there exists a widespread feeling that the law of the country does not afford adequate protection for foreign interests. In short, the idea prevails that Japan is all very well for the Japanese, but that enterprise from without is not encouraged. Whatever may be the real cause, there is no doubt that an absolute deadlock exists between the American and European financial centres and the seekers of capital on the Japanese side. As yet, there has been no impartial review of the circumstances which have kept foreign capital out of Japan. Various views have been set forth by the syndicates on the one hand and by the Japanese on the other, and these, in effect, amount to impeachments of the business methods of either side. The object of the writer is to endeavour to steer clear of all interests, and to present not only the case for the City, but also a concise summary of the opinions held by the Japanese regarding City methods; to answer plainly the hitherto unanswered question—Why have the City syndicates failed to do business in Japan?

To begin with, most of the syndicates that were formed were prepared to spend only sufficient money to enable their representatives to proceed to Japan, where it was hoped that they would be fortunate enough to obtain so-called free options or concessions. That was an initial error, and a grievous one. It showed a complete ignorance of Japan and the Japanese. The directors of the syndicates had found that similar methods had paid with regard to other exploited countries, and they never imagined that Japan was an exception. From their point of view she had no right to be an exception. Her people were at the best Orientals—a people to be placed in a category a little higher than that of the Gold Coast natives. Hence it was assumed that they would be no match for the syndicate representatives from the City of London. Moreover, the Japanese had become the allies of Great Britain. Was it, then, so unreasonable to expect that

they would welcome their financial friends with open-hearted candour and enthusiasm? And, above all, it was assumed that the Japanese were poverty-stricken and unskilled in matters of business and industry. Was it not logical to suppose that, in consequence, they were literally yearning for the introduction of foreign capital, and that they were ready to pay high rates of interest in order to secure the handling of a little ready money? At least of this there was no doubt, that the Japanese were a simple, honest race of people whose ways were straightforward and transparent. Much had been heard of the proverbial patience of the Oriental—therefore it was taken for granted that the outstanding characteristic of the Japanese would be patience. The City expected that they would give long options on various properties and proposals, and that they would wait without a murmur or a protest while the complicated machinery of syndicate finance was set in motion. Such were the grave misconceptions entertained at the outset in London regarding the Japanese, misconceptions which resulted in blunders of a kind that proved fatal to the successful transaction of business. The City financiers, however, were not altogether to blame for their wrong point of view. During the war, the British press was flooded with grotesque accounts of Japan and the Japanese. The writers of articles from the Far East at that eventful period did not look below the lacquer-work or peer behind the bamboo-bars; they drew their inspiration from the chrysanthemum and the cherry blossom. All the buildings were either temples or tea-houses; all the women were frail, glossy-haired geisha; and all the men holy priests or stern, two-sworded Samurai. In columns of prodigious length we were told in flowery language that our dear little allies despised money, and that they thought only of the principles of Confucius, of patriotism, and of universal brotherhood. They were represented as having no industry, no smoky chimneys, no grinding mills, no manufactories in the ordinary vulgar sense, but only an art—an art so mystic that it was recognised as inimitable the world over. Tales were related in circumstantial detail of how individual Japanese craftsmen had spent nearly the whole of their lives in producing some

wonderful piece of bronze-work or embroidery, simply with the desire to derive the pleasure of their toil and the reward of completion. The shops in the West End of London were filled with choice specimens of Japanese skill—gods and goddesses, and all the paraphernalia of the temples, which, if not stolen from the holy places or sold by impecunious monks, must have been modern imitations; daintily painted fans, screens, *kakemonos*, lacquer-work of quaint design, ornaments carved with intricate skill, and fantastic articles in bamboo and black wood. London was convinced that when the Japanese were not fighting they were making curios for the sheer love of the thing, and the curios which found their way to London were looked upon as conclusive proof that the popularly conceived notion of the Japanese character was correct. They were essentially fine examples of art—therefore the Japanese were believed to be artistic. Their production had obviously involved great patience—therefore the Japanese were a patient people. And as the purchase price, after allowing for the large commissions of the middleman, could not bear anything like a proportion to the time and labour spent on the production, it was clear that the soul of the Japanese craftsman soared above the regions of ordinary gain.

In short, it was assumed that the Japanese could only organise and distinguish themselves in war; that what industry they possessed was devoted to patient hand labour, either in the rice fields as agriculturists, or in the production of curios as artists; and that, in consequence, they were neglecting the development of the natural resources of their country. When, in addition, they were believed to be a people of high honour and unfaltering integrity, simple habits and honest minds, a people who despised money and revered the foreigner, one cannot express much surprise that the enterprising syndicates in the City at first considered Japan an excellent field for exploitation. What greater allurement could be imagined, from the point of view of concession-hunters, than was contained in the subtle suggestion that the Japanese despised filthy lucre? The most sanguine of them never for a moment doubted that the Japanese would be so absurdly Quixotic as to reject money, but it was thought

that they might be reconciled on a small, or at best a no-cash-and-few-shares, basis.

Syndicates were hastily formed under titles singularly suggestive of the glorious Orient. The procedure adopted was not different from that applied in the case of all countries where speculative exploitation is expected. Japan was to provide a "boom," and different groups arrived at understandings in anticipation of the coming demand upon their financial resources. Offices were engaged and furnished, note-paper headings were printed, typewriters began to click, and secretaries and staffs made their preliminary arrangements while they were waiting for the ships loaded with concessions to cross the seas from East to West. Some of the syndicates possessed very little capital—only so much, in fact, as would defray office expenses for a limited period, and the cost of a trip to the Far East, conducted on a cheap scale, by one of the directors. Other syndicates had the advantage of more capital, but were unwilling to spend money on anything but office and travelling expenses. The directors of some of these enterprises were men of considerable position in the social, political, and financial world, but the results would seem to show that they took very little personal interest in the undertakings, and left the work largely to managing directors and secretaries. While not wishing to be bothered with detail, they were unwilling to miss any opportunity which might present itself of making large sums of money without the expenditure of much capital. Beyond ordinary working and travelling expenses very few of the syndicates, if any, were prepared to spend a penny of their own money. Each believed itself to be backed by wealthy financiers—that is to say, the directors had friends who were prepared to make investments, or else they were in a position to secure introductions to men who, to use a phrase which has become City parlance, were able to "influence capital." The syndicates were, in fact, acting in the capacity of middlemen; they were primarily exploiting, or, to use a softer word, investigating, syndicates. While some of them may have been prepared to invest part of their capital in any undertaking which they might have succeeded in financing, none appears to have been willing to take upon itself the whole, or even a

part, of the monetary obligation required in the launching of a large scheme. The vexatious delays, and the obvious difficulties which resulted from a system of indirect dealing between the would-be vendors in Japan and the mysterious capitalists somewhere in Europe or the United States, were to a large extent responsible for the failure of British finance to find a satisfactory field for investment in the Far East.

To begin with, the City conception of the Japanese, formed during and immediately after the war, was hopelessly wrong. That much the City has now learnt to its cost. There is nothing so effective as a lesson which touches the pocket. And Japanese proposals have certainly touched the pocket of the City. But the City, like the rest of the world, was blinded by the dazzling brilliance of the victories achieved by Japan in the field of battle, and was misled by the newspapers, whose representatives, endowed with fanciful descriptive faculties, seized upon the poetic and the picturesque and neglected the serious side of the life of Japan—the commercial elements, the true characteristics of the people, the import of the laws, the policy and aims of the Government, a greater knowledge of which would have served as a valuable guide to the investing public. Now the City has gone to the other extreme. The inevitable reaction has set in, and capitalists have become so suspicious of schemes from Japan that they slam the doors of their offices against all things Japanese. Not long ago a financier of repute declared emphatically that if told that a cartload of ingots of gold from Japan was waiting in the street outside he would decline to look at them unless they were carried upstairs and deposited in front of him. This is a striking illustration of the attitude of the City towards Japan. That it is an unfair attitude based upon the principle of "once bitten, always shy," no one sufficiently acquainted with Japanese affairs will deny. An element of uncertainty has arisen in consequence of a series of unsuccessful negotiations which have taken place, and time must elapse, and certain unfortunate incidents be forgotten, before anything like confidence is restored between East and West. Meanwhile City financiers prefer to handle sound proposals nearer home rather than undertake the expense and trouble of seeking ventures in a land so far distant as Japan.

Having thus outlined in a general way the initial mistakes made by the City syndicates, some account will not be inopportune of the Japanese point of view regarding foreign finance and financiers, and of the Japanese qualifications for conducting business and the general principles which animate them in their negotiations. It will then be seen that at the very outset of their acquaintance each side formed a wrong idea of the other. When I treat later of the part played by the Japanese Government in all business affairs, and when I come to particularise the procedure followed by the Japanese on the one hand and the representatives of the syndicates on the other, an effectual answer will be provided to the question—Why have City syndicates failed in Japan?

The Japanese are not a simple people who despise money. In business they are ordinary, commonplace human beings, no better and perhaps no worse than the rest of the world; and while their character may in certain respects differ from that of Western nationalities, in the general outline there is no distinction. The individual Japanese is no less anxious to amass riches than is the individual of any other race, and he has a very keen, though it must be admitted not always a strictly honourable, idea of the course to be pursued in order to attain his ambition. And, having once acquired wealth, he is not at a loss to devise schemes for his personal comfort and even for his personal luxury. Japanese are only Spartan who are poor.

The presentation of facts such as these would be superfluous were it not necessary to correct the fallacies which tended to mislead men so astute as those who compose the world of Western finance.

In the early days, Japanese society was divided into four grades. First in order came the nobility, the military, and the governing classes; next were placed the agriculturists; the craftsmen ranked third; and last of all were the traders, whose occupation as non-producers was considered the least worthy. The merchants were consequently recruited from the lowest classes in the land. Moreover, as far as foreign trade was concerned, they came mainly in contact with the Dutch, whose principle of giving too little and asking too much proved an invaluable education for

them and a tradition for their successors. One is inclined to believe that the low status of the Japanese traders at that time and the example set them by the enterprising Dutch, added to their natural aptitude for getting the better of a bargain, are among the influences of which traces can be found in many of the business methods of modern Japan. History fully bears out the contention that while the Japanese may have despised trade as an occupation they were not by any means averse from enjoying the income of which it was the source. When, at the beginning of the Tokugawa *régime*, foreigners were expelled from the country, the Dutch were allowed to remain on the grounds that they had confined their attentions always to trade, and, unlike other nationalities, had not meddled in religion or politics. One of the causes of the downfall of the Shōgunate and the restoration of the Emperor was the discontent of the Samurai, or warriors, at the lack of work and the consequent lack of pay. Another cause was the complaint of the feudal lords that the Shōguns opened to foreigners only those ports over which they had the exclusive control, and from which they appropriated the revenue derived from trade. The feudal lords themselves were anxious to secure some share in the profit resulting from commerce with the outside world.

Sufficient has been written to show that the Japanese have inherited a certain amount of shrewd business capacity. The theory that they have always been a simple-minded people caring nothing for riches is more picturesque than accurate. Before the people insisted upon something like fair treatment, the State contrived, by a system of rigid though somewhat crude protection, to secure for itself a large balance as a result of foreign trade. If, in the primitive days of the Shōgunate, Japan was able to conduct business to her own advantage, it follows that in this the twentieth century, when conditions of comparative enlightenment prevail, she will be able to take adequate care of her own interests. The relegation of the trader to the lowliest position in society undoubtedly tended to produce successive communities of business men who were ignorant of the meaning of commercial morality, and who sought to amass wealth by methods of cunning and sharp practice. One cannot help reflecting

that the forefathers of many of the business men of modern Japan were in their own time looked upon as the scum and scrapings of society. Time must necessarily elapse before the commercial community can become infused with new blood and new ideas, and before its improved status can be assured. When the Shōgunate was abolished in 1868, and the feudal lords surrendered their powers and territories, the occupation of their retainers, the Samurai, came to an end. Many of these warriors, on laying aside their swords, adopted commercial pursuits, and thus the status of the business community was raised. As, however, only forty years—a period brief in the evolution of nations—have elapsed since then, it is too much to expect that the men who belonged to the lowest orders of society should have been weeded out of commercial circles, and that a high standard of commercial morality should have been established. When any occupation has been looked down upon for centuries, it follows that those engaging in it must have been recruited from a section of the population which possessed more greed than pride. As little was expected of the merchant of early Japan, so, little was given, and opprobrium was heaped upon his calling. Now that the importance of commerce is realised, systematic efforts are being made to recover lost ground. The Emperor has given titles to several of the leading business men, and has bestowed decorations upon a number of others. Bankers and merchants have been received at court, a precedent which has shocked the immediate descendants of the Shōgun and of the Daimyōs or feudal lords who are still to be found living in Tōkyō. The mercantile community has also made efforts on its own behalf to render itself worthy of an improved status within the Empire. These were mainly directed towards proving that traders could be as patriotic as any other class in the land. Merchants sent their sons into the army and navy to serve side by side with the Samurai, and during the wars with China and Russia contributed large sums towards the Red Cross and other useful institutions. Chambers of Commerce were organised in all the principal cities, and commercial museums, containing large numbers of exhibits, maintained at various important centres. In addition, the business men have formed associations, and these

bodies take a prominent part in any national welcome which may be extended to distinguished foreigners visiting the country.

The rise of Japan to the position of a Power has resulted in commercial questions taking a forefront place in Parliamentary debates and discussions, but it is only within the last four years that the business community have become actively associated with the political life of the country. When it is remembered that the Diet had never succeeded in attaining that eminence and respect which should attach to the first deliberative assembly of a land; that the majority of its members were men of little standing—paid politicians who were mere puppets in the hands of the leading statesmen; and that corruption in its most insidious form had eaten into the very heart of the Legislature; then surely it was not too much to have expected that a universal welcome would be extended to the advent of a few men endowed with the practical commonsense that is inseparable from a commercial training.

Instead, the leading press of Japan vigorously protested against what it termed the unwise attempts of business men to meddle in statecraft, and numerous articles were penned with the object of demonstrating their utter incompetence to take a part in constitutional government. As the principal newspapers are owned by proprietors having friendly relations with the Cabinet and the Elder Statesmen, it may be safely assumed that the trader has still much to accomplish before he can penetrate the higher circles of the land. Happily the people refused to endorse at the polls the narrow view taken by a large section of the press. Following the General Election of May, 1908, a new party, composed of representatives of the commercial world, came into existence; and although, by the redistribution and amalgamation of political organisations which took place in the early part of 1910, they have chosen to merge their identity in that of the newly formed Constitutional Nationalist Party, they are by no means effaced but continue to be a powerful and growing influence in the Legislature.

The business community of Japan, as a whole, will not be able to attain a high status within its own land, nor will it

succeed in inspiring confidence abroad until each individual member recognises that the observance of a code of commercial morality is essential. The Japanese have been freely criticised of late, more, singularly enough, by English-speaking people than by other nationalities. The invariable reply of the publicist who favours the cause of Japan is to the effect that confirmatory chapter and verse are always wanting. On this vital question of commercial morality, the Japanese themselves, peevish, as a rule, when found fault with, and not conspicuous for candour concerning their own blemishes, are inclined to make certain instructive admissions. Speaking not long ago at a conference of business men in Ōsaka, the leading commercial centre of Japan, no less eminent an authority than the Minister of Agriculture and Commerce said: "It is very regrettable to have to recognise that there are merchants who even go so far as to suggest that falsehood is a licence permissible in business. That is a terrible mistake. The code of morality for commercial matters is, perhaps, not required to be so strict as that of religion, but there are two vital canons which must be obeyed. I mean the strict fulfilment of promises and undertakings, and abstention from all attempts to conceal defects in goods. I am very sorry, too, to have to say that some merchants and manufacturers register or imitate trade-marks belonging to other persons, if they find that the marks have not been registered in this country. To thus steal or copy trade-marks is simply petty cunning, and it does not pay in the long run, for it means the abandoning of the possibilities of large and legitimate gain in order to snatch a small immediate profit. Having regard to these facts, it behoves the commercial men of Kobe and Ōsaka, the business centres of Japan, to maintain a high standard of commercial morality, the more especially as their conduct is being closely watched by the trading classes of many nationalities." At the same gathering, the Director of the Consular Bureau of the Foreign Office also laid stress upon the necessity for a higher standard of commercial morality among the Japanese. Prince Katsura, the late Premier of Japan, has uttered perhaps the most recent note of warning to his countrymen. Speaking on the subject of national wealth, at a meeting held in celebration of

the 25th anniversary of the Foreign Trade Association, he said: "It is not less important (than modern efficiency) that those engaged in foreign trade should always bear in mind that the secret of ultimate success in commerce lies in the respect for business morality." Captain Brinkley, the editor of the *Japan Mail* and the Tōkyō correspondent of *The Times*, writes in his work on Japan and China: "Progress (in Japan) is checked by one manifest obstacle, defective integrity. . . . Just as really substantial development seemed to be visible, fraudulent adulteration and dishonestly careless technique interfered to destroy credit and disgust the foreign consumer." Many other authorities could be quoted to show that the Japanese conception of commercial morality is defective, but as the point is generally admitted, both by friends and critics of the country, no particular purpose would be served by the added testimony. Sufficient has been written to prove that the British financial syndicates—corporations which by no means represented the high-water mark of British commercial morality—had more than met their match, and that the initial mistake made in thinking that the Japanese were an open-minded, simple people who despised money —that is, an excess of money—was fatal in itself to the successful conclusion of negotiations.

It was, in fact, a combination of circumstances which led to the failure of the attempt to introduce foreign capital into Japan, and absurd misunderstandings occurred on both sides. On the conclusion of her war with China in 1895, Japan obtained a large indemnity. For a time money was plentiful in the country, and enterprise and expansion were conducted to an excess which ended in disaster. The stability of Japan as a Power was not then fully recognised, and foreign capitalists were afraid to invest to any large extent in Japanese concerns. One group of financiers, when offered a share in the Tōkyō Tramways, declined acceptance. Subsequent events have proved this undertaking to be one of the most attractive investments east of Suez. Afterwards came the Russo-Japanese war of 1904–5. In consequence of brilliant victories in the field, the credit of Japan improved rapidly. The interest on the foreign loans she raised from time to time became less, and eventually she gave no security save

the guarantee of her good name and prestige. The war cost upwards of one hundred and fifty millions sterling, and the Government adopted the wise policy of spending as much as possible of that vast sum within the country. Thus the domestic loans found their way back into the pockets of the Japanese, and the foreign loans, aggregating a far greater amount, increased the circulation of ready money. As a consequence, a temporary condition of affluence, founded upon an altogether false basis, was produced. This circumstance, together with the uninterrupted victories achieved in the field, and the fulsome articles on Japan appearing in the world's press, gave the people an altogether exaggerated estimate not only of themselves but also of the value of their properties and proposals. To assist them in their self-deception, first came the army of attachés and special correspondents, spending much money and lavishing praise indiscriminately instead of confining themselves to the only things Japanese with which they had come in contact—the lovely scenery and the military forces.

Then, in the wake of war, like an army of camp-followers, came the representatives of syndicates, and the tourists who, if opportunity offered, were prepared to vary sight-seeing with concession-hunting. For more than a year every steamer that dropped anchor in Nagasaki or Yokohama harbours brought one or more of them, and, in course of time, the hotels of the treaty ports were full of financiers eager to secure options. At the back of the idea that the Japanese were a guileless people who despised money, there was no doubt a belief on the part of some of the syndicates that they would be easy to handle, or, in plain words, that it would be a simple matter to get the better of them in any negotiations that might take place. As, in these instances, one party was as bad as the other, little sympathy can be felt for the petty investors who lost their few shillings owing to a stupid assumption that Japan could be exploited on a principle which on rare occasions has succeeded in remote places—namely, that of bartering beads and tinsel for gold and ivory. Instead of finding, as they had expected, a race of simple-minded, honest, frank, brave Samurai, with no ambition beyond four paper walls and a sufficiency of fish

and rice, the syndicate representatives landed among a belligerent business community sorely suffering from swelled head, and afflicted with a commercial morality lower in standard and more cunning in operation than that which governed their own methods of dealing. The money derived from war loans was in circulation, and the Japanese terms, in many of the negotiations which took place, were altogether fanciful. A host of petty trading concerns and speculative firms endeavoured to obtain capital on the strength of the war "boom." At that time I wrote an article in my capacity as special correspondent of the *Daily Telegraph* in the Far East, in the course of which I stated :—

"From the trend of circumstances in Japan, people at home who are seeking to invest money will be able to draw valuable deductions. There would seem, however, to be a widespread impression, due to inadequate knowledge, that fortunes are to be easily and quickly made; that hundreds of schemes likely to yield a high percentage of dividends are merely awaiting the invigorating influence of capital; and that many remunerative things above and below the earth, the presence of which the 'poor ignorant Japanese' have not even suspected, are waiting to be discovered by the enterprising foreigner from the West. But those who cherish such delusions will be disagreeably surprised. Japan cannot be exploited by outsiders, for the simple reason that Japan is exceedingly well known to the Japanese, who have an adequate idea of the utmost possibilities of the country. There is not a part of the islands that constitute the Empire to which the native people have not penetrated; every inch of the soil and of the territorial waters has been surveyed and sounded; owners of property are not by any means modest in their estimation of its value; and, finally, there are many clever and highly trained experts in all departments of trade. It is a great mistake to regard Japan as a new country in the common acceptation of the term, or to rely upon fresh and wonderful discoveries of a striking nature. For instance, gold, silver, and copper mining were carried on hundreds of years ago, and at present the principal mineral fields are owned by men who are making so much money out of them that they decline to sell their properties. Furthermore, the

national sentiment of Japan is strongly against permitting foreigners to carry away a disproportionate share of profits available. The object of the writer is not to discourage the enterprise of investors abroad, but to warn them in time of the necessity for insisting that the spending of their money should be entrusted only to those who have a thorough knowledge of the country and its customs. There are, no doubt, many excellent and remunerative openings for capital in Japan, but they are not obvious, and when found, they call for careful investigation and attention. Nothing will be gained by looking for sentimental assistance or by attempting to prey upon the imaginary simplicity of the people; for the Japanese in business are like the rest of the world, neither simple nor sentimental, and know how to drive a bargain as well as any man in the City of London. Neither is it possible to buy out native interest entirely, for the Japanese will rarely sell in entirety a good asset; and if they do, it will, for reasons which may be inferred, depreciate in value almost from the moment of their effacement."

Since those views were expressed, no foreign finance to any appreciable extent has been introduced to the country. The Japanese on their side imagined that the capitalists of Europe and the United States were tumbling over each other in their anxiety to secure investments in Japan. They pointed to the low rates of interest existing abroad compared with the 5 per cent. interest rate on fixed deposits at the leading banks in Japan. They conjured up visions of the world's money-bags swollen almost to bursting-point, and were confident in their own minds that the Far East was the only remaining unexploited field likely to provide relief for the congested capital of the West. The arrival of numerous syndicate representatives, hungry for options and concessions, only had the effect of making them cling more tenaciously than ever to exaggerated ideas of the value of their own properties. Something like the following was not by any means an exceptional series of incidents: A company in a fairly prosperous way, wishing to increase its capital and extend its operations, entered into communication with foreign financiers informing them that as a favour they would be allowed to take shares; but as no special inducement beyond those attached to ordinary invest-

ments were offered, the foreign financiers replied that if such were the terms, they preferred to invest their money nearer home, and in concerns over which they would have some measure of control.

Several attempts were made to form joint foreign and Japanese companies, but all these ended in failure. Because the undertaking would operate in Japan, and because they estimated the value of their local knowledge and advice at an excessive rate, the Japanese were never prepared to subscribe a half share of the capital. Their proposals generally ran only to one-third of the sum required. One would imagine that in view of this circumstance they would have been prepared to accept a scheme of control in proportion to their financial responsibilities. In several series of negotiations that came to my personal notice, however, the Japanese, while prepared only to subscribe a small part of the capital, demanded a majority of directors on the board of management. To mention, out of many instances, one in which two and a half millions were involved, the Japanese, while holding out vague hopes that they might be able to raise one-third of the sum, stipulated firmly that the president, the secretary, and a majority of the directors should be Japanese. No amount of persuasion would convince them that their proposal was unfair. They contended that the scheme was the primary thing, and that as the scheme originated with the Japanese and would be worked in Japan they were entitled to a majority on the board of management. In their original plan the only official positions assigned to the British, beyond the minority directorate, were those of engineers. The Japanese, realising the inferiority of their own experts, were not averse from picking the brains of foreigners. Needless to say, this fatuous scheme and all other such schemes never matured. The unreasonable demands of the Japanese were therefore among the principal causes which led to the failure of foreign capital to secure remunerative investments in the country. In presenting many of their proposals, they could not realise that beyond an idea they had nothing to offer for sale, and they exaggerated to absurd lengths the value of their knowledge of local conditions.

Moreover, the policy of the Government had the undoubted

effect of discouraging the introduction of foreign capital. On October 1, 1906, a new Customs Tariff Law of a highly protective nature was promulgated. The measure had evoked very little discussion either in the Diet or throughout the country, and its passage was secured without the least murmur of protest. To the Japanese, it seemed a perfectly natural thing that they should endeavour to obtain a balance of trade in their favour by increasing the duties wherever possible on foreign manufactured articles. The object of the new tariff was twofold—to encourage home industries and enterprises, and to keep out of the country foreign luxuries the use of which might result in the formation of expensive habits among the people. In many other ways the policy of the Government made itself distinctly felt in business and financial circles. The success achieved in the war had the effect of awakening the national spirit in more directions than one. Municipalities, seized with the desire to make their towns as worthy as possible of the new position which Japan had won among the nations, thought to take advantage of the boom and opened negotiations for large loans with the representatives of foreign syndicates. The Government authorities in Tōkyō eventually became alarmed, and interfered. Their opposition was said to be based upon several grounds, one of which was that the local corporations, not being acquainted with economic conditions in Europe, would be likely to conclude bad bargains. In this respect they were no doubt proceeding on sound lines, for local government in Japan, like the National Legislature itself, is still in the infantile stage. Members of representative bodies conduct their business on an amateurish scale, and unfortunately many of them are not opposed to the transaction of public business on a private commission basis.

The Government also came to the conclusion that the flotation of municipal loans would interfere with the prospects of national loans, and that if corporations were allowed to borrow to any extent there was a danger that the total indebtedness of the country might reach a sum which would become unbearable. Consequently they caused an intimation to be conveyed to the municipalities to the effect that applications for loans must be made solely through

the Nippon Kogyo Ginko, or the Industrial Bank of Japan. This medium was established by the Government, and its president and directors are Government nominees. It took advantage of the boom in Japanese securities, consequent upon the war, to float debentures in London. Those financial concerns having no relations with the Industrial Bank were naturally annoyed at the Government interference between themselves and the municipalities seeking money, and considerable controversy took place. It was represented that the Government was giving active assistance to the Industrial Bank, and comments were passed upon the undesirability of using State influence in favour of what was looked upon as an attempt to establish a financial monopoly. At that time Baron Sakatani, who was Minister of Finance, declared to me that as all the leading British financiers had invested money in the Industrial Bank, British capital would be well represented in the development of Japan. British financiers, he said, had plainly shown their confidence in such an institution, and in this way had expressed a wish that it should take charge of their interests. The action of the Government in the matter, he urged, had been taken solely to protect the interests of the foreign capitalists, interests which would now be consolidated and bound up in the future of the bank. The policy of the Government towards the introduction of foreign capital was disclosed in a statement made by the president of the Industrial Bank as far back as 1905: "It goes without saying," he observed, "that there is in the great markets of the West practically an unlimited supply of money seeking investment. The principal reason why it does not find its way to our country seems, so far as we have been able to ascertain, to be this: The London or New York capitalists, to give an example, who are ready to make foreign investments, all belong to big concerns, and they know that money is much needed in this country. In fact, they are in receipt of almost innumerable applications for funds from various establishments in our country. But these capitalists appear to find the amounts applied for too small—not worth the trouble of being dealt with separately. This is where we think our bank will be able to render a great service to our country. We will accept applications for funds

from parties considered reliable, and we will issue debentures for an amount sufficient to cover the aggregate demand, which will then be large enough for foreign capitalists to countenance and float abroad."

From these statements the fixed policy of the Japanese authorities towards the introduction of foreign capital can be clearly seen. They wish to borrow money at a limited interest in the West, and to lend it out to their own countrymen. In seeking large and well-guaranteed loans in foreign markets, they obtain money as cheaply as possible, and at the same time, in making local investments, they keep the Japanese borrowers away from foreign financiers. Finally, the authorities contend that their policy is thoroughly sympathetic towards foreign capitalists, inasmuch as it assures them a guaranteed though restricted return upon their money, and saves them the trouble of searching for remunerative investments. That, however, is only one side of the question; it is essentially an official and a partial view. To begin with, the Industrial Bank, though founded by the Government, is not in the nature of a philanthropic institution. It has shareholders, and must pay dividends. It cannot afford to lend money at home at the same price as it has borrowed abroad. Therefore the bank, to all intents and purposes, acts in the capacity of a medium, or middleman. The representatives of financial circles in the City have told me that they were prepared to offer money to the Japanese borrowers on terms that would compete with those offered by the Industrial Bank, but that negotiations always failed owing to official pressure exerted in favour of the bank. The Government practically refused to sanction municipal loans that were not concluded through the medium of this institution; and when the railways began to borrow money abroad they were promptly nationalised after a discussion in the Diet which, in view of the large interests involved, was a record in brevity. The Industrial Bank cannot be held to be in a much better position than a syndicate, inasmuch as it makes money by creating and intercepting commissions. The Japanese Government retorts that, on the one hand, the foreign capitalists who took up debentures in this undertaking are protected and saved trouble, and that, on the other hand, the Japanese

enterprises are financed at a limited rate of interest. The bank, however, does not lend money in Japan without either return or security, and if foreign financiers are content with similar conditions the argument thus advanced becomes altogether superfluous. In effect, the bank, with unlimited influence as a result of its semi-official status, restricts the interest to be obtained on foreign capital in Japan, but it retains the margin for itself, and does not give the individual borrower any special advantage in the deal. If the earnings of the bank were applied to State purposes one might conceive some arguments in favour of its methods, but apart from the foreign debenture-holders who have no control over its affairs, its shares are held by the Imperial Household and by many wealthy persons. It is therefore nothing more or less than a private concern enjoying powerful Government support which enables it to exclude the competition of foreign capitalists. The borrowers do not gain by the arrangement, for the bank cannot be lenient in its terms to them and perform its duty to the shareholders at the same time. The foreign capitalist is certainly worse off than he would otherwise have been, for his avenues of investment are limited, and although he could perhaps compete against the bank, borrowers of money are not permitted to consult him. The Japanese contention that all important financiers of the West are interested in the debentures of the bank is exaggerated. There are hundreds and perhaps thousands of rich capitalists in the world who are not holders of the debenture stock of the Industrial Bank of Japan. These people, however, are prevented from investing their money in first-class securities in Japan because the Government has used its influence in favour of granting the flotation of all the best loans to what is virtually a private concern on the spot. It is altogether absurd to suppose that foreign capitalists would not take the trouble to investigate local conditions or that the loans required are not large enough for serious consideration abroad. This argument was discounted by events which occurred immediately after the war. Apart from the representatives of syndicates, a number of prominent capitalists from all parts of the world visited Japan. The United States was particularly anxious to transact busi-

ness with her neighbour in the Pacific, and many of her leading financiers, including men of such note as Mr. Schiff and the late Mr. Harriman, made trips to the Far East.

Whatever the intention of the authorities may have been, there is not the slightest doubt that their policy in regard to the Industrial Bank had the effect of discouraging the inflow of foreign capital. Although the bank is officially described as a public institution, the only grounds for believing it to be so are a Government guarantee of a 5 per cent. dividend on its shares for the first five years of its existence, and the fact that the directors are appointed by the Government. The bank obviously cannot perform its duties to the shareholders and at the same time check the borrowing proclivities of the municipalities, or limit the rates of interest on loans which it is prepared to negotiate. In short, the bank is essentially a money-making concern, differing in no way in its methods or in its principle from all respectable media for the employment of capital. That it should be backed by Government influence and maintained by Government pressure manifestly constitutes a strong element of unfair competition.

Apart from conditions already described, the Japanese Government has what might aptly be called semi-official relations with prominent business circles. Marquis Inouye, one of the Elder Statesmen, stands in the background as far as office is concerned, but he attends all the State Councils of importance and acts in the capacity of a high adviser to the Department of Finance. Baron Shibusawa, the leading business man of Japan, resigned his position in the Treasury early in his career in order to take up commerce and finance, and he has frequently declined to accept the post of Minister of Finance. Until recently, however, his son-in-law, Baron Sakatani, was head of the Department of Finance. The Government always keeps in close touch with the leading business circles, and much advantage is derived from the promotion of a joint policy. Views and notes are interchanged, and advice is freely given and taken. These are circumstances which foreign capitalists seeking investments in Japan would do well to remember.

Apart from the action of the Government and of "combines"

and monopolies, there were other reasons why the syndicates and the Japanese failed to transact business. Prominent among these was the operation of the Japanese law, which is not administered upon the principle of strict equality between foreigners and Japanese. Foreign suitors have had some very unfortunate experiences in the civil courts of Japan. At times the press has shown a regrettable and vindictive tendency to libel foreign firms, a circumstance which can only be traced to the fact that the application of the law of libel in Japan involves a tedious, expensive, and altogether unsatisfactory process.

In spite of all the disabilities which I have enumerated, I am still inclined to think that in the main British enterprise failed to find a field in Japan because of errors and misunderstandings on both sides. There were always a number of sound and promising commercial concerns requiring foreign capital and prepared to give attractive terms. Although the Government sought to restrict or, at best, to control the investment of foreign capital as a State policy, even the Japanese were not sufficiently patriotic to sacrifice all personal gain at the bidding of officialdom. I have already dealt with the lack of commercial morality, and with the status of business men in Japan, as factors in the situation. To explain matters adequately, however, it is advisable to deal to some extent with the Japanese character, for many of the Samurai who entered business acted with no higher principles than those of whom it might be said that they were born into business. There is a similarity of method among all Japanese, from the highest diplomatist to the humblest pedlar. They love secrecy for secrecy's sake, but they neglect to take sufficient precaution for its preservation. Much business is transacted in the tea-houses in the presence of geisha. The walls of these establishments consist of squares of paper set in bamboo frames, and listeners on the verandahs outside can easily overhear conversations in the rooms within. Eavesdropping is a favourite pastime in Japan. Cabinet Ministers and even the grave Elder Statesmen have been known to adjourn to tea-houses after State Councils, and the following mornings the low-class newspapers, having probably derived their information from geisha or serving-

maids, report the informal discussions which took place among them. It is not sufficiently understood in England that the tea-houses of Japan are not tea-houses in the literal sense, but are the equivalent of public-houses, with the difference that they do not possess public bars and that in every case a private room must be engaged. Privacy between paper walls, however, is out of the question.

A striking instance of the attempts of the Japanese to maintain secrecy came under my notice while I was resident in Tōkyō. A coal-merchant approached a foreign financier with a strange proposal. He said that he knew where there was a rich coal-mine running on a slope in natural drifts down to a harbour which was deep enough to admit of the anchorage of steamers of 4000 tons. He produced meagre drawings and expressed the belief that he had sufficient influence with the colliery manager to enable him to persuade the colliery owner to sell at a ridiculously cheap price. When asked about the locality of the mine, he gravely announced that this was a great secret. To the suggestion that engineers would have to inspect the property, he replied that if reports were really necessary for foreign capitalists they would have to be made out by Japanese experts who would visit the mine secretly. Furthermore, he stipulated that the transaction would have to be completed through himself, as otherwise the owner, thinking he was dealing with wealthy foreigners, would raise the purchase price, and might, perhaps, even refuse to sell. And, finally, for his information he required half profits. Later on the financier received visits from two other intermediaries about the same mine, each of whom was as mysterious and vague as the first comer, and were subsequently proved to have obtained their information by the simple expedient of eavesdropping. Another financier was asked to provide the money for starting a colossal shipyard, but was told that the people who financed the scheme or their representatives would not be allowed to visit the site, as their mere presence there would result in the increase of the cost of the land to such an extent as would make the enterprise prohibitive. It is probable that the Japanese were acting in a thoroughly *bonâ-fide* way. Their proposals were no doubt made in complete ignorance of Western business methods,

Having read romantic stories of the vast amount of superfluous wealth in Europe and in the United States, and having themselves such a low standard of living, they imagined that foreign capitalists had money to spare which they would invest without, as they thought, a too searching investigation. Acting upon this belief they talked in sums so large that many would-be investors were frightened away by the sheer force of figures. The Japanese are only just now beginning to realise that even in the prosperous West ready money is a scarce commodity.

Then, on occasions, the Japanese have a curious passion for detail, but it is not a passion for accurate detail. They will place at the disposal of the capitalist all manner of plans and estimates, but these are not always to be relied upon. Moreover, they have an unfortunate habit of calculating in prospects rather than in achievements, a circumstance which they do not always make sufficiently clear in their representations. Many Japanese are also incapable of realising that an option constitutes a serious agreement, and that sole options given to one person cannot be duplicated. Several of the leading British mining engineers visited Japanese properties in consequence of the glowing reports which reached their companies, *via* the syndicates, from Japanese sources, but inspection on the spot failed to support the preliminary particulars which had been received. In more than one instance it was found that the mines had been offered for sale in an unauthorised way by mere middlemen, and that the owners actually did not want to dispose of their properties. And this, let it be emphasised, in spite of the fact that the intermediate syndicates had been convinced, as a result of documents produced, that they were dealing with the representatives of serious vendors. In other instances, mine-owners, so soon as they realised that foreign capitalists were genuinely interested in their properties, did not hesitate to disassociate themselves from the acts of their agents and to demand largely increased prices. Almost all the foreign experts who inspected Japanese mines agreed that the preliminary particulars supplied by the owners and even the reports of Japanese experts were not borne out by the real conditions. It was generally conceded that the properties offered for sale were not sufficiently promising to

warrant the expenditure of placing down modern machinery. Worked on the Japanese scale and by Japanese methods, nobody denied that they would yield a fair return according to the Japanese standard, but it was considered that the properties were too small and too poor to justify the outlay of foreign capital. There were two notable exceptions which, however, did not yield any successful investments. In one of these cases the Japanese proprietors managed to ascertain the trend of the report of the experts sent by the foreigners with whom they were negotiating. Realising from this that their mines were of greater value than they had expected, they increased their original price to a prohibitive sum. The second case resulted in failure because British syndicates did not realise that in Japan, as elsewhere, there are certain powerful financial groups who act in concert and who are ready to seize upon any good scheme that may be in the market. British capitalists were in a fair way to secure one of the most valuable mines in Japan; the experts' reports were most favourable, but the purchase was made conditional upon the satisfactory report of a Japanese magnate, whose local knowledge was highly valued. The verdict was not all that could be desired; negotiations were ended; and the local magnate whose word had been responsible for the breakdown subsequently purchased the property for himself. The Japanese methods of transacting business were altogether unsuited to Western requirements. They either scattered worthless options with a lavishness that was astounding, or else refused to give sufficient documents to enable serious negotiations to be opened. One constantly heard of promoters of schemes or alleged owners of properties promising syndicate representatives that if they would only pay substantial deposits, concessions and title-deeds would be duly produced and made over to them. It is a common practice to buy something which you are sure you can sell, but the idea of attempting to obtain the money from the would-be purchaser and buying the article which he requires for retail to him afterwards savours of novelty.

Many translations of Japanese documents were also found to be unreliable, and different opinions about the shades of meaning of various words proved obstacles to the success-

ful conclusion of business negotiations. Furthermore, the Japanese capacity for imitativeness caused considerable irritation. As soon as it became known that foreigners intended to start certain manufactories in the country the Japanese became alive to the value of their own resources, and not one but many similar works were begun by them long before the foreigners had ceased talking about the preliminary details of their schemes. For this drawback, the slow methods of the foreign capitalists were largely to blame. Aided by local knowledge, the local conditions of cheap labour, and the fact that all matters could be settled on the spot without the delay of reference to far-off countries, the Japanese were easily able to be ahead of all outside competitors.

The Japanese aptitude for evasiveness also presented innumerable difficulties. Here is a typical instance of the course of negotiations in not one but a hundred cases: A mine-owner, accompanied by his clerk, who carried an impressive portfolio containing numerous bundles of papers neatly tied round with tape, visited a capitalist in Tōkyō. Through the medium of the clerk, who spoke a few words of English, he laid before the financier details of a property for sale. The capitalist considered the prospects on the whole satisfactory, but despite the fact that a huge pile of documents were translated in his presence a number of important particulars were omitted. A long discussion followed. It may be mentioned incidentally that Japanese business men are exceedingly fond of lengthy conversations. They will sit for hours chatting over tea and cigarettes, and in their business relations with foreigners seem incapable of realising the necessity either for precision or for finality. The mine-owner subsequently invited the capitalist out to dinner at a tea-house, and geisha and *saké* were provided in abundance. Japanese business men are very hospitable to foreigners. The mine-owner had not yet supplied the essential particulars. In return the capitalist invited the mine-owner out to dinner at the European Hotel. Champagne and ices were included in the *menu*. Still the essential details were lacking. The mine-owner next invited the capitalist to spend a day with him looking at the cherry blossoms in the Ueyno Park, a noted place for cherry trees. At all these functions the mine-

owner's clerk was present in the capacity of an interpreter, but as his English was hopelessly imperfect the proceedings were somewhat wearisome. The capitalist took advantage of the cherry blossom party to point out certain discrepancies in the details already supplied him, and to make a request for the essential details which were still lacking. "There must have been a mistake somewhere," said the mine-owner blandly. "My clerk very bad interpreter." The party was now standing before a tree conspicuous for its profuse blossom. The capitalist expressed admiration of the sight to the clerk, but on turning round was surprised to find that the mine-owner had disappeared. The clerk agreed with him that the incident was "very funny," and could offer no explanation. After waiting on the spot for half-an-hour or more to see whether his host would return, the bewildered capitalist returned to his hotel. He was, however, anxious to transact business, and next day, without noting the events of the cherry blossom party, he wrote to the mine-owner and asked him for the essential details. The only answer he received was the present of a lacquer box filled with dainty sweets. A few days later, he visited the office of the mine-owner, but was told by the clerk that his master was out. He repeated his visits, and the clerk repeated his excuses an equal number of times. He was informed that the mine-owner was staying at his country villa, or that he was sick, or gone to attend the funeral or the wedding of a near relative. Eventually he despaired of ever hearing any more of the gentleman, and, as a matter of fact, he received no further communication or information.

Probably the mine-owner had changed his mind. Perhaps he was not a mine-owner. A hundred eventualities may have been responsible for his transit to oblivion. This instance is only one of the many similar cases which have come under my notice, and all of which tend to prove that many Japanese do not sufficiently realise the seriousness of business negotiations, and are unable, by reason of some mental peculiarity, to act with candour. By their friends this strange conduct is attributed to their overwhelming politeness, which is supposed to render them incapable of breaking off negotiations in the usual business-like way. Whatever may be their motive, there can be no question that

evasiveness is more annoying than the frankness which accompanies a plainly-worded negative. Such tactics, whether intentionally bad or not, did an infinite amount of harm, for capitalists on returning home spread opinions among their influential friends that were distinctly damaging to Japanese credit in the West.

Again, the Japanese have an unfortunate and silly habit of playing childish practical jokes upon those foreigners whom they dislike, with a view to making them "look small" before their employees or acquaintances. One syndicate representative was offered an enormous block of Japanese bonds by a highly respectable and semi-official bank. He spent nearly thirty pounds in cabling the details to London only to receive a reply that the same bonds as those he was offering were available in London at a cheaper price than that which he quoted. The Japanese authorities also showed marked favouritism to certain Western financial *media*, and in some cases the syndicate representatives who were not in the circle received treatment which was by no means courteous.

On the other hand, many of the syndicates had only themselves to blame for their failures. They sent out to Japan men who were utterly unfitted, mainly by reason of the lamentable deficiencies of their own characters and partly by reason of their ignorance of local conditions, to deal with the Japanese. The speculative City gentleman is not the sort of person to achieve success in the Orient. The Japanese, like all peoples who dwell in the East, must be dealt with in a tactful, and, on occasions, in a diplomatic manner. Unfortunately these qualities were frequently interpreted by syndicate representatives in a spirit that was obnoxious. There was too much patronage, too much patting on the back, and an ever-ready assumption that the Japanese were a simple-minded people easily impressed with "tall talk" and much champagne. A few concerns, who realised the importance of local knowledge, committed the errors of selecting as their representatives men who possessed no business training and whose experience of the country had been merely that gained in the capacity of tourists. One of these to my knowledge spent nearly the whole of his time sitting, with his legs beneath him, under a mosquito curtain in a bamboo house. He

dressed in the native *yukatu*, was fanned by pretty damsels, and sought the solace of Buddhistic philosophy in the presence of a cool fountain which played into a pond filled with sportive goldfish. Others placed too much reliance upon securing the aid of Japanese counts, viscounts, and members of parliament, whose impecuniosity in more than one case led to an over-estimation of the value of their services and influence.

To sum up the whole position, while some of the syndicates formed in connection with Japan aimed merely at exploitation and speculation, others—and I am afraid these were in the minority—intended to transact serious business. But few, if any, of the representatives were empowered to pay over money on the spot, while none of the syndicates were prepared to underwrite or finance any scheme of magnitude upon their own responsibility. The procedure followed was briefly this: A syndicate representative arrived in Tōkyō and took rooms at the leading hotel. He made it known that he was ready to consider schemes and proposals; and the Japanese flocked to see him. He required firm options on all matters brought before him, and entered into long discussions over terms, in the course of which he invariably endeavoured to persuade the Japanese to negotiate on the share basis. Very few schemes were rejected by him. He received all proposals, from those involving the purchase of a pink manicuring powder to the loan of millions to a municipality, and trusted to luck and his own wits to be able to find the needful finance on his return. When he failed in London he did not hesitate to write and tell the Japanese that their proposals were not considered in the highest financial circles to be sufficiently tempting—whatever "tempting" in this connection may mean. In some instances he persuaded capitalists to send their experts to Japan, but the reports received from them were never sufficiently satisfactory to warrant large investments. The syndicate representative was always anxious to keep in the background the fact that his concern was merely an exploiting or, to use the milder term, an investigating one; and in answer to requests for details he tried in a hazy way to convey that he had millions at his back. None of these millions, or even the hundreds included in them, were ever in sight. With methods in operation such

as those I have described it will be seen that the two parties were unconsciously drawing farther away from each other. Imagine also the weary delay necessarily involved. A syndicate representative arrives in Japan and obtains an option. In three or four months he concludes his business and leaves the country. A month or six weeks later he arrives in London. Then he begins his hunt for the capitalist. If he is fortunate and the scheme is exceptionally good, he may in another month interest some individual or some group to the extent of having an expert sent to Japan. Within three or four months at the least the expert may have returned. Meetings are called to consider the reports. The syndicate representative may be in a hurry to transact business, but the capitalist is leisurely —all capitalists are leisurely. Eventually, after many months of talk, during which the Japanese vendors are naturally anxious to know the result, the matter is dropped.

No wonder the Japanese became suspicious of syndicates. Consequently they freely gave options to all comers, with the result that the capitalists who represent exceedingly limited and closely related groups in the City were besieged by middlemen, each of whom placed before them exactly the same details and the same options. Endless confusion resulted, and amid the multitude of options no business was done.

# XLIV

## THE MONOPOLIES OF JAPAN

JAPAN, a country in which Socialism has not yet exercised the slightest influence on legislation, possesses as many monopolies as a nation might be expected to boast after years of Socialistic rule. The Government established the Crude Camphor and Camphor Oil Monopoly in 1903. Spurred by the financial necessities of war-time, the tobacco and salt industries were next seized upon in 1904. The nationalisation of the railways was effected in 1907. Since then there has been talk of the Government taking over the insurance business and the match and sugar industries, but it is too early to judge whether or not monopoly operations are likely to be further extended. The annual net profit from the Tobacco Monopoly amounts to about £5,000,000, and from the Salt Monopoly to about £1,000,000.

Under these circumstances, it might be thought, as suggested, that Japan was showing a tendency towards the wholesale adoption of Socialistic ideas, and that, indeed, the whole country was becoming converted to such principles. Such an impression would be entirely erroneous, and the Socialist lecturer who pointed to Japan as the brightly shining example in the East of the principles which he was advocating in the West would be grievously misleading his audience. Socialism is anathema to the still all-powerful Japanese bureaucracy, and is barely comprehended by a very small percentage of the general population. And there is ample evidence that Japan's monopolies have their inspiration not in any so-called liberal spirit in high places or in any popular demand, but solely in the Government's desire to have control of undertakings and industries which are likely to prove profitable sources of revenue. The intrusion of the Government into the domain of private enterprise in Japan has been and is a matter not of

ideals but of pounds, shillings, and pence. It will be argued that such intrusion can be based on no higher grounds elsewhere. With that aspect the writer is not concerned. He wishes merely to correct any impression, which a casual statement of the facts might seem to convey, that the forms of Government activity to which reference is made are the fruits of popular demand and agitation.

It is claimed in defence of the Tobacco Monopoly Law that whereas formerly the articles were so numerous and of such confusing variety that the purchaser was often at a loss which to select, the Government Monopoly has made them uniform, of a limited number of brands, and fixed in quality. This is a naïve plea. The tobacco smoker who goes into a London store may be confronted with a "confusing variety," but out of it he is able to select his favourite brand, and he would not appreciate the deadly uniformity which monopoly —Government or otherwise — inevitably imposes. Among other trust arguments of a familiar description advanced by the Japanese Government in defence of the Tobacco Monopoly are these: (*a*) Whereas, with the lack of order and uniformity, the prices were varied, with the result that they were very unfair, the Government Monopoly, by selling generally at fixed prices or at a fixed rate of discount, has enabled every one to purchase with absolute confidence. (*b*) As, besides the Government, there are no tobacco manufacturers or dealers likely to possess machines, tools, cigarette paper, or raw material for tobacco manufacture, the Tobacco Monopoly is very simple in its working, and allows a thorough control to be exercised. (*c*) Whereas those engaged in the business could only manufacture on a small scale, and their profits were therefore equally small, so that they could not well be expected to make any improvements in manufacture, the Government is able to carry on this State enterprise on a large scale, use machines and tools of the best make, and thereby greatly improve the manufacture and reduce the cost of production. These very worthy claims, unfortunately, are not substantiated in some particulars in the actual working of the monopoly. Firstly, the Government itself has raised prices recently, "from considerations of the financial requirements," and it may be left

to the reader to speculate upon whether it is better for prices to rise or fall under the influence of private competition or to be subject to the exigencies of Budget necessities. Secondly, as regards the use of tools and machinery of the best make, it may be observed that private competition achieves precisely the same object. Thirdly, the supply of sound goods is not a matter for which credit should be claimed, since that is what the public are entitled to expect as a matter of fair trading. But, even in this particular, one is obliged to mention a complaint reported by the British Commercial Attaché in Tōkyō, and reproduced later in this chapter, that the quality of the cigarettes and tobacco has deteriorated under the monopoly. The Tobacco Monopoly of Japan is obviously a revenue-raising enterprise pure and simple, and is to be regarded on no other or higher grounds.

Tobacco was first taxed in Japan in 1876, when the Tobacco Regulations were brought into effect. The tax consisted of a business tax and a stamp-duty, the former of which was levied upon tobacco manufacturers and dealers, while the latter was imposed by causing stamps to be affixed at a settled rate upon manufactured tobacco. This mode of taxation was very simple in form. It is successfully carried out in other countries, but in Japan difficulties were encountered, the unpleasant nature of which even Japanese officialism is bound to admit. Fraudulent practices and evasions of the tax were numerous. The Government took great pains to prevent such frauds, but although the Regulations were revised frequently it was unable to arrive at a satisfactory solution of the difficulty. The official account of the Tobacco Monopoly says: "Meanwhile the war with China broke out in 1894; and after its conclusion in the following year there was a sudden increase in the expenditures required for carrying on the national government, and it became necessary to find sources of revenue to meet this increase. The receipts from the operation of the Regulations above referred to had risen only to £300,000, which was never exceeded; and any attempt to raise the tax would only have led to further frauds and evasions. The Government, therefore, decided to change the system altogether and establish a leaf-tobacco monopoly."

The Leaf-tobacco Monopoly Law was brought into opera-

tion in January 1898. According to this law, all crops of leaf-tobacco reaped by tobacco-growers of the country were taken over by the Government, which paid for them according to grade and sold them at a fixed rate of profit, so that the difference between the sale price and the purchase price represented the net profit. The revenue showed a great increase on that which accrued under the old tobacco Regulations, and the profit derived therefrom increased annually until it rose in 1903 to £1,500,000, or five times the receipt from the Stamp Duty under the Tobacco Tax Regulations. One half of the work in connection with the production of a single article thus became a Government industry, while the other half was a free private industry. The system failed to work smoothly. The interests of the two sections were at variance, and, although the law was twice amended, it was found impossible to remedy the inherent defects by legislation.

The necessity of finding new sources of revenue to meet the expenses of the war with Russia provided the Government with the justification it required for its action in extending control to the entire tobacco industry. The Leaf-tobacco Monopoly Law was issued, and the manufacture and sale of cigarettes was begun in July 1904, the manufacture and sale of cut tobacco being undertaken in April of the following year. Factories, tools, and machinery owned by private manufacturers were expropriated or purchased and brought under Government control at once. The tobacco manufacturers were paid, as indemnity for the loss of their trade, a sum equal to 20 per cent. of the proceeds of their sale for one year, while their tools and machines and their stock of leaf-tobacco and other manufacturing materials were taken over at "suitable prices." Those manufacturers whose lands and buildings were not purchased by the Government received a further sum equal to one-sixth of the original indemnity as compensation for the fall in the value of such lands and buildings likely to take place in consequence of the cessation of tobacco manufacture.

Under the Leaf-tobacco Monopoly Law, therefore, the manufacture of tobacco became the monopoly of the Government. Tobacco can be imported only by the Government or by

persons duly authorised for the purpose by the Government. It can be cultivated only by persons who have been licensed by the Government, which also decides the extent of land to be placed under tobacco cultivation. The Government annually determines the kinds of tobacco to be cultivated, the area of land to be placed under its cultivation, and also the purchase prices of leaf-tobacco. Any person who desires to cultivate tobacco must annually apply to the Government for permission, mentioning in the application the location and area of the seed-bed, as well as the location and area of the plot or plots where the plant is to be cultivated, the varieties of tobacco and the number of the seedlings to be transplanted, together with the places where the leaf-tobacco is to be dried or stored; and any person who desires to take the place of a tobacco-cultivator, otherwise than by family succession, must similarly obtain the permission of the Government. Any person who continues tobacco cultivation by family succession, shall also report the fact to the Government. Tobacco-cultivators are bound to complete their work of culture according to the methods and processes fixed by the Government. The Government makes an estimate of the weight and number of leaves before they are gathered, and the leaves gathered by tobacco-cultivators are delivered to the Government after they have been dried and cured. The leaf-tobacco received is examined by experts and paid for in accordance with its grade. Manufactured tobacco may be sold only by the Government or by such wholesale or retail dealers in tobacco as have been nominated for the purpose, and the retail dealers may sell such manufactured tobacco to the consumer only at prices fixed by the Government. The law is considerate enough to declare that a person who finds a certain kind of manufactured tobacco to be indispensable either as a result of long habit or from considerations of health, may, upon the approval of the Government, import such tobacco for his personal use only.

It may be an exaggeration to say that the tobacco smoked with relish in the Midlands and in the North of England would prove fatal to the Japanese, but it is certain that the "weed" in a form so strong would make the smokers of the Orient seriously ill. The Japanese do not favour the pungent pipes

of the West. In this respect, at any rate, they have no desire to adopt our habits. The Japanese pipe is a very small article, and when not in use it is kept by the men in their tobacco-pouches and by the women in the folds of their obi. For the women smoke pipes with as much enjoyment as the men, and both sexes share the pleasures of the pipe with those of the cigarette. The pipe, which has a bowl of metal, though the stem may be of bamboo, yields only a few puffs with each filling. After every slight indulgence it is returned to the pouch or the obi, but if the process is brief it is assuredly very frequent. Pipe-cleaning is a recognised occupation among the poor, who wheel a little steam apparatus through the streets and perform a useful task for a trifle. A great many hawkers of bootlaces and less useful articles in England might find a livelihood in a similar avocation among the workers in our great cities. Tobacco-smoking is indulged in by practically everybody in Japan over the age of sixteen or seventeen. A law was passed in 1900 prohibiting the use of tobacco by any one under twenty years of age, but the ban is far from effective.

There are five manufactories for the manufacture of cigarettes, two in Tōkyō, and one each in Ōsaka, Kyōto, and Kagoshima. The following are the early brands and their prices :—

| Brand. | | Price. |
|---|---|---|
| Shikishima | with mouthpieces, per box of 20 | 2d. |
| Yamateo | „ „ „ | 1¾d. |
| Asahi | „ „ „ | 1½d. |
| Yamazakura | „ „ „ | 1¼d. |
| Star | without mouthpieces, per box of 10 | 1¾d. |
| Cherry | „ „ „ | 1½d. |
| Lily | „ „ „ | 1¼d. |
| Camelia | with mouthpieces, per box of 20 | 1½d. |

These prices were based on the market prices prevailing at the time the monopoly was established, 20 per cent. being added to meet war expenses. At the end of 1907, the prices of all kinds of tobacco were advanced by an average of 30 per cent. There were some vigorous protests against the increased prices on the grounds that they formed part

of Budget proposals still to be considered by the Diet, and that the Government had anticipated the consent of the Diet. The Finance authorities, however, contended that large purchases of tobacco were being made in anticipation of the new rate, and they checked the evasion smartly by taking prompt advantage of the fact that tobacco was a State monopoly and that the consent of the Diet was not required in fixing the rates of sale. The action of the Japanese Government in this case is an instance of the autocratic power of a Government which has an industry completely in its possession, and, however defensible may have been the motive, the incident shows clearly the possibilities of taxation without popular control in Japan.

The Government claims to pay unremitting attention to changes of taste in tobacco at home and abroad, and some time ago it issued two brands, the Phœnix and the Dragon, to meet the demand in China. The charge that as a whole Japanese cigarettes, under the monopoly, are inferior to those produced in other countries under competition, is answered by the argument that the cigarettes are produced to suit the taste of the Japanese and not of the foreigner. Possibly with a view to removing the reproach, the Tobacco Bureau some time ago issued the Orient brand, which commends itself to foreign visitors and the better class of Japanese, and is sold at a higher price than the more distinctly native brands. Whatever the Tobacco Monopoly may claim in the direction of meeting the taste of the general body of the people, it is certain that Japanese are very pleased to receive Virginian, Turkish, or Egyptian cigarettes of European manufacture when these are offered to them. The table on the next page gives the number of cigarettes sold during the period July 1904 to March 1905, a period which coincides with the inauguration of the Government monopoly until the end of a financial year.

Under the Government system, every wholesale dealer in tobacco is connected with the manufactory or sale-office of the already fixed district, and after making purchases he sells in turn to the retail dealer, who sells to the public at a fixed price. The Government adopted the fixed-price system, under which the manufactory or sale-office first sells to the

| Name. | Quantity sold at Home. | Quantity of Exportation. | Total. |
|---|---|---|---|
| Star . . . . | 60,675,000 | 40,630,000 | 101,305,000 |
| Cherry . . . . | 637,845,100 | 164,370,000 | 802,215,100 |
| Lily . . . . | 1,027,061,500 | 187,500,000 | 1,214,566,500 |
| Dragon . . . . | ... | 83,000,000 | 83,000,000 |
| Phœnix . . . . | ... | 17,875,000 | 17,875,000 |
| Camelia . . . . | 52,080,000 | ... | 52,080,000 |
| Shikishima . . . | 116,501,200 | 1,585,200 | 118,086,400 |
| Yamato . . . . | 372,378,000 | 179,930,000 | 552,308,000 |
| Asahi . . . . | 1,958,698,000 | 301,010,000 | 2,259,708,000 |
| Yamazakura . . . | 1,466,289,600 | 7,185,200 | 1,473,434,800 |
| For Imperial Use . . | 12,100 | ... | ... |
| Total . . . | 5,691,540,500 | 983,090,400 | 6,674,630,900 |

wholesale dealer at a fixed discount and the latter sells at a profit less than this discount to the retail dealer, who sells to the public at a fixed price. Thus the retail dealer's profit is the difference between the fixed price and the price at which he bought from the wholesale dealer. The wholesale dealer, on making his purchases from the Government, receives the cost of carriage at a fixed rate, according to the length of the route from the office of delivery to his shop, so that the price of his purchase is not in any way affected by the distance so traversed. On June 1, 1905, there were 1786 wholesale dealers and 235,414 retail dealers. The examined area of tobacco plantation in 1904–5 was 79,656 acres, and the profit for the same year was £2,817,876. By 1907–8 it had risen to £3,585,300.

Competition for the Manchurian and Korean markets has been very keen since the war, and Japan has had to resort to her customary practice in such cases, of giving every protection possible to her selling agents in those countries. The sale of Japanese tobacco in Manchuria is under the control of a prominent Tōkyō firm, who approached the Government with the suggestion that unless some defensive measures were taken the market would be lost to Japanese goods owing to the keen efforts of British and American companies. The Government, after several conferences, decided to give "some suitable assistance." The official account of the Tobacco Monopoly in Japan says: "From China, Korea, and the

Maritime Province of Siberia, to the Straits Settlements, Siam, and Australia, all are of very great promise as markets for our tobacco. And as the demand is now greatest in Manchuria, a branch sale-office was opened at Tairen (Dalny) in April 1905." When we talk of the Open Door in the Far East, therefore, let us remember that in regard to tobacco, to take one article of legitimate trade, we are confronted with a Japanese Government Tobacco Monopoly with its facilities for competing with foreigners in markets outside, but adjacent to, Japan, and we are equally face to face with the fact that Japan itself is practically closed to foreign trade in respect of the one article under notice. Japan in these and other similar matters is at liberty to do what she likes: it is for the rest of the world to realise the local circumstances and conditions operating against foreign trade in the Far East. The Government, in its Financial and Economic Annual for 1908, claims that statistics show a marked increase in the quantity and value of the tobacco exports since the monopoly came into operation, and adds: "The market has been mainly enlarged in Korea and Manchuria, and gradually extended to South China and India." This statement regarding exports is to be read in conjunction with the following extract from the report on the trade of Japan for 1907, by Mr. E. F. Crowe, Commercial Attaché at Tōkyō: "As regards cigarettes, there was a slight recovery over the 1906 figures, and China took last year 757,700 thousands of cigarettes, valued at £125,000 as against 502,800 thousands, worth £87,000, the previous year; but the British-American Company is a strong antagonist, and it is with great difficulty that the Tobacco Monopoly Bureau push their sales. The only other important customer they have is Korea, countries like the Straits, India, Australia, &c., which prior to the monopoly consumed large quantities of Japanese cigarettes, having given them up, as the quality is said to have deteriorated."

The Salt Monopoly began with a proposal in 1904 for the imposition of a salt excise for the purpose of contributing to the war expenditures, and a Salt Excise Bill was presented to the Imperial Diet, but not adopted. Later in the same year, the financial requirements becoming increasingly pressing, the Government decided to introduce the Salt Monopoly, and the

new law, with the approval of the Imperial Diet, was put into immediate operation. According to this Law, salt cannot be imported from foreign countries, or brought from localities where this law is not in force, except by the Government or by persons who have been empowered by the Government. Nor can salt be manufactured by any person who has not received special permission for the purpose from the Government. The salt is collected by the Government from the manufacturer, who receives compensation, and it is sold by the Government at a fixed price to the salt dealers. The law of 1904 made no restrictions regarding the price at which the latter should sell, and this was left to private competition until 1906 when, owing to what are officially described as "defects" in the existing law, the Government asked the Diet to invest it with power to limit the price of salt sold by the dealers, and obtained such assent. The following figures show the state of the industry :—

| Year. | Area of Salt Fields. | Production. | Value. |
|---|---|---|---|
| | Acres | Tons | £ |
| 1903 | 19,519 | 645,960 | 950,000 |
| 1904 | 19,752 | 689,700 | 1,000,000 |
| 1905 | 19,803 | 475,100 | 1,000,000 |
| 1906 | 20,073 | 555,900 | 1,000,000 |
| 1907 | 19,820 | 584,000 | 1,000,000 |
| 1908 | 19,487 | 613,000 | 1,150,000 |
| 1909 | 19,355 | 588,000 | 1,100,000 |

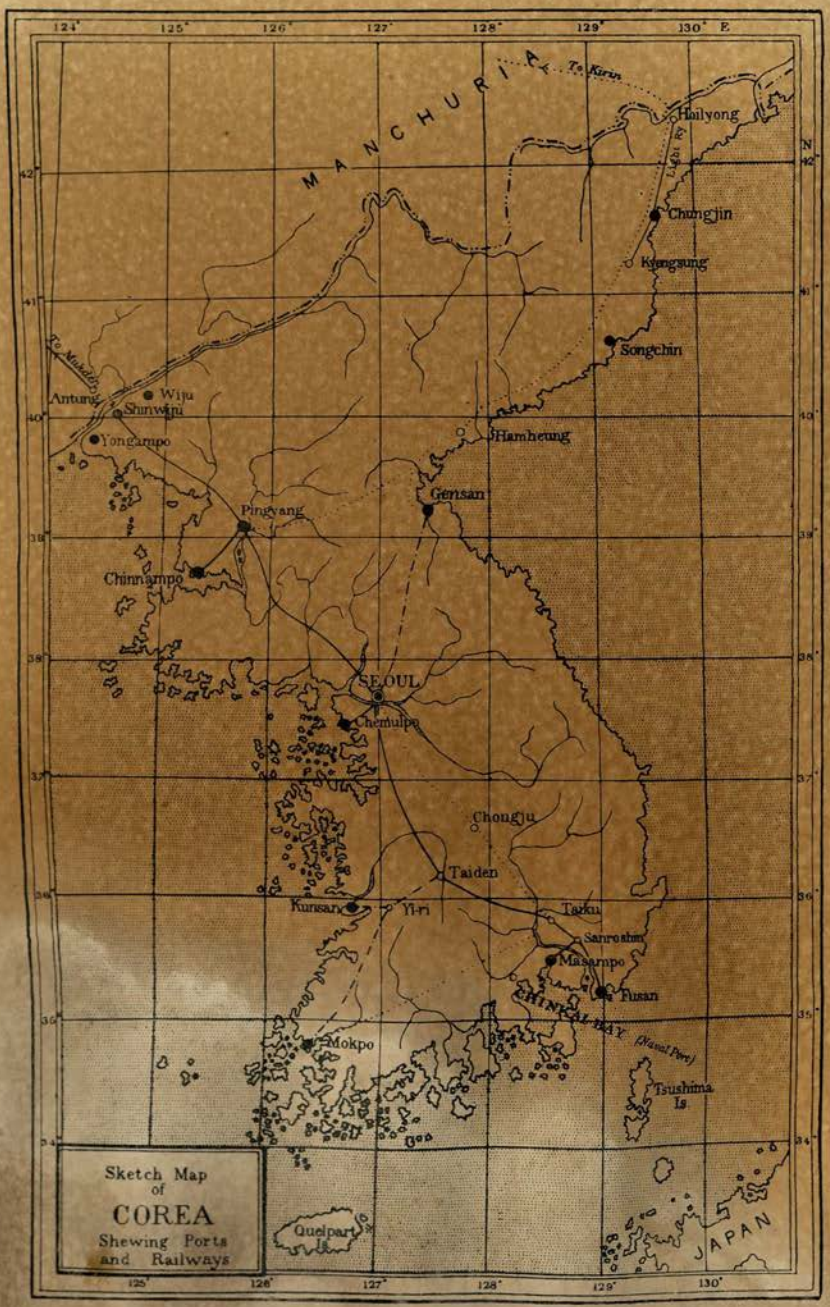
The latest figures from an official source show that there are nearly 30,000 salt manufacturers and 15,835 factories. Rock salt is rare in Japan, the salt being extracted almost entirely from the brine. The leading districts of production are Hyōgo, Yamaguchi, and Kagawa.

The Salt Monopoly is admittedly not in an altogether satisfactory state. In May 1907 Mr. K. Midzumachi, the Vice-Minister of Finance, addressing the directors of the Salt Monopoly Bureaux, said that although the monopoly had been carried on in a successful manner as compared with the previous year, several points pressed for improvement, and

closer investigations must be made if the future of the business was to be assured. It was impossible from the financial point of view to abolish the monopoly, he said, despite the public feeling against it. There was no other available source of income to replace it. At the same time, Mr. Midzumachi claimed that the monopoly was not maintained solely for the purpose of increasing the Government's revenue; the Government aimed at effecting improvements in the industry.

It will have been gathered in the course of this chapter that State monopolies have their difficulties and their disadvantages. An unfortunate feature of the Japanese monopolies is that they are in a large measure justified officially at the expense of the character of the people. "Fraudulent practices and evasions" is an ugly description of conduct, which, it will be noticed, has been used more than once. And while there is this evidence of official distrust of the people, there is evidence of distrust of monopoly officialdom on the people's part. In the speech already quoted, Mr. Midzumachi urged the superintendents of the Tobacco Bureau "to endeavour to improve the character and conduct of the officials under them, and thus lessen the suspicion and dislike with which the public were at present inclined to regard them." On the general subject of monopolies, Mr. Midzumachi admitted that many people in Japan were opposed to the system, and suggested that this opposition would be removed if the monopoly authorities paid special attention to fostering the interests of the public. In the case of a tobacco monopoly, however, the question arises whether the interests of the public can be reconciled easily with those of the State, with its enormous expenditures and its limited sources of revenue. In other words, there is a danger in Japan of the matter becoming one of highest quality and lowest prices for the public, or lowest quality and highest prices for the State. The success or otherwise of State monopolies seems to depend on whether or not the State can resist the temptation to secure excessive profits, these being devoted, as has been suggested, not to a reduction of expenditure, which might justify them to some extent, but to meeting expenditures which could not and would not otherwise have been incurred.

In the case of private enterprise, profits are regulated by competition and by the cost of production. In the case of State monopolies, they may be regulated by the exigencies of the moment and by eventualities to which they may have no direct relation.



MANCHURIA
To Kirin
Hoilyong
Light Ry
Chungjin
Kyongsung
Songchin
To Mukden
Antung
Wiju
Shinwiju
Yongampo
Hamheung
Gensan
Pingyang
Chinnampo
SEOUL
Chemulpo
Chongju
Taiden
Kunsan
Yi-ri
Taiku
Sanroshin
Masampo
Fusan
CHINKAI BAY
(Naval Port)
Mokpo
Tsushima Is.
Quelpart Is.
JAPAN
Sketch Map of COREA Shewing Ports and Railways

# BOOK VI

## KOREA

# XLV

## THE TRIUMPH OF BARBARISM

WHETHER the victory in war rested with Japan or Russia mattered little to Korea; sooner or later she was destined to lose her independent status among the nations of the world. During the brief period that she had held intercourse with foreigners—barely thirty years—her trials and tribulations had been unceasing. Relieved of the obligation of paying tribute to Peking, as a consequence of the conflict between Japan and China, she immediately found herself face to face with dangers that were a far greater menace to her integrity than were any of those which she had experienced in the days of her tutelage. And it was not long before she had good reason to learn that modern diplomacy makes no honest endeavour to shape its actions in acccordance with its assurances. At that time Japan did not consider her position in the world sufficiently strong to enable her to assume a protectorate over Korea, but having swept away the last vestige of Chinese domination, she gained the ear of the Throne and thus prepared the way for her own steady advancement. So soon as the Japanese established themselves at Seoul, radical changes under the guise of reform were introduced. Little consideration was shown for traditional custom or national sentiment. The King, surrounded by Japanese troops, was not allowed to exercise any will of his own. He was compelled to act in accordance with the advice tendered to him; in plain words, he had no other alternative than to do exactly as he was told. There was ample room for patient and intelligent reform in Korea, but the Japanese sought to accomplish in a few days what it had taken centuries of civilisation to achieve in the West. It does not seem to have occurred to them to enlighten the Koreans by setting to work the enduring forces of education

and example. Instead, they sought to alter the whole aspect of the national life through the medium of Imperial Ordinances backed by their own military forces. Then, as now, all evidences went to show that the Japanese were seriously bent upon reform only in so far as it enabled them to cloak their manifold acts of aggression. One barrier stood in their way. The Queen was steadfast in her opposition to their sinister designs. So soon as it was realised that she could not be won over, a dastardly plot was hatched within the precincts of the Japanese Legation itself. The Minister—one Viscount Miura—who, so far as the world knew, had been entrusted with the high responsibility of tendering constant and friendly advice to a Kingdom whose independence had been guaranteed by his own Sovereign, instigated and superintended a revolution, the sanguinary horrors of which have few parallels in the pages of Oriental history. The story of the assassination of the Queen has often been told. A brief reference to the incident is only necessary here because of the enormous influence which it exercised on subsequent events in the country, and because of the light which, in spite of the lapse of time, it sheds upon the situation as it exists to-day. In the early hours of the morning of October 8, 1895, a number of Japanese desperadoes, assisted by soldiers and police, forced an entry into the Palace. The Queen was dragged from her apartment, her shrieking attendants were mercilessly cut down, and she herself fell a victim to sword thrusts. The assassins did not even take the trouble to make sure that her life was extinct. Seizing her body they steeped it in kerosene and placing it amid a pile of faggots burnt it to ashes, the while fiendishly feeding the flames with fuel. The ex-regent, whose cause the Japanese for their own ends had espoused, and whose supporters joined them in their murderous enterprise, was installed in the Palace. The King became a prisoner, but later he succeeded in making good his escape to the Russian Legation, where he remained in safe asylum and held court until more settled conditions enabled him again to take up residence in an Imperial Palace. Viscount Miura and his associates, charged with "murder and sedition," were placed upon their trial, but the proceedings were a shameful travesty of justice—so

much so, indeed, as to cast grave doubts upon the honesty of the official denial of Japan's complicity in the tragedy. The findings of the Court explicitly set forth that, at a conference summoned by Miura in the Japanese Legation, it had been resolved to take the life of the Queen, and also that on another occasion Miura instigated the ringleaders "to despatch the Queen." Yet in spite of the conclusive testimony that was produced, the Court gave judgment in the following cynical terms: "Notwithstanding these facts there is no sufficient evidence to prove that any of the accused actually committed the crime originally meditated by them. . . . For these reasons the accused, each and all, are hereby discharged in accordance with the provisions of Article 165 of the Code of Criminal Procedure." Not only was Miura acquitted of all criminal charges but he was lauded as the lion of the hour in Japan, and his honours and titles, of which he had been deprived for the sake of appearances, were soon restored to him. It was little wonder that the Korean hatred of the Japanese became intensified to a degree of bitterness which it is safe to predict will not be wiped out until many generations have passed away. The crime itself was a piece of appalling infamy, and remains an indelible stain upon the honour of a nation. That its author should have been allowed to go unpunished showed that in order to achieve her own ends Japan was ready to condone murder of the foulest kind. And the Japanese people, who boast of their unswerving loyalty and devotion to their own throne, of their polite dispositions and chivalrous natures as exemplified in the much-vaunted *Bushido* of their civilisation, both ancient and modern, received into their midst, with the acclamation due to heroes, men who had violently outraged the sovereignty of a neighbouring State and whose hands were stained with the blood of the poor Queen. Although the news of the assassination was received with profound abhorrence throughout the world, the political situation generally in the Far East was so critical that none of the Powers deemed it wise to interfere on behalf of Korea, nor were any measures taken in official circles to mark disapproval of the discreditable part which Japan had played in the affair. In this latter respect, it must be

confessed that Japan has been dealt with more generously than Servia, a country where, in the murder of the King and Queen a few years ago, something like a parallel to the Korean tragedy was provided. Only seven years after the events of which I am writing occurred, the first Treaty of Alliance between Great Britain and Japan was concluded, and the terms of this agreement explicitly recognised that Japan, in addition to the interest she possessed in China, was interested in a peculiar degree, politically as well as commercially and industrially, in Korea. In entering into close relations with Japan we were doubtless animated by political considerations of wide significance, arising mainly from the policy of persistent aggression inaugurated by Russia not only in Korea but also in Manchuria and in the territories adjacent to our Indian frontier. Incidentally we gave our sanction to the privileged position which the Japanese had arrogated to themselves in Korea. Our alliance with them involved the recognition of their competence to undertake the work of reforming their neighbour. Viewed altogether apart from its strictly political aspect it looked as though we thought so highly of their standard of civilisation that we were proud to admit them to intimate friendship on terms of complete equality. Yet only seven years previously we had been shocked with their barbarism in murdering the Queen of Korea no less than amazed at their cynical disregard for simple justice in acquitting the instigators of the murder. The events that followed were largely in the hands of political destiny.

For a time the tragedy of the Palace had the opposite effect to that which the Japanese had anticipated. Their influence declined, and the Koreans themselves showed flickering evidences of a desire to accomplish their own salvation. Then the rivalry between Japan and Russia became acute. The representatives of both nations ultimately pressed the Korean Government for concessions. Russia, already established in Manchuria, undoubtedly directed her policy towards securing a position in Korea similar to that occupied by Japan to-day. Had she achieved her object the safety of the Japanese Empire would have been instantly menaced. There was, however,

good reason to believe that Russia would have yielded Korea to Japan in return for the recognition by that Power of her special position in Manchuria. But Japan, realising the unpreparedness of Russia for war, was unwilling to accept a compromise that restricted her Imperial expansion; and consequently she chose her own time to force the issue, with the result that to-day she exercises sovereignty over Korea, and enjoys exclusive privileges in the adjacent region—Southern Manchuria.

# XLVI

## THE EARLY DAYS OF JAPAN'S ASCENDENCY

IN reply to criticism that has been passed upon their régime in Korea, the Japanese have not hesitated to allege that there is in existence a widespread conspiracy among an influential class of publicists to find fault with them whenever the least occasion offers. As a matter of fact, no nation ever entered upon a great task with more whole-hearted and sincere wishes than those that were extended to Japan as soon as she seriously began the work of reform in Korea. At that time we had only heard of the heroism and of the restraint exhibited by her troops on the battlefields of Manchuria. The conspicuous display of these qualities, together with the evidences of material progress that were to be found throughout the length and breadth of Japan, did not fail to convince the world that there had arisen in the East a new Power, through the medium of which the light of civilisation would be diffused, not only among the peoples of Korea, but also to a widespread extent among the teeming millions of China. While the war was in progress I paid a visit to Korea, and found that, without a single exception, the foreign residents not only welcomed the Japanese, but were willing to give them practical assistance and co-operation. During the thirty years that the country had held intercourse with the outside world little real progress had been achieved. Yet, in spite of the deep-rooted prejudice against change existing in the minds of the people, there were not wanting genuine signs that foreign influences had already paved the way for the great transition which is now in course of accomplishment under the guidance of the Japanese. Many picturesque customs had been

abolished for the sole reason that they were out of keeping with the spirit of modern times. No longer were the men compelled to remain indoors in the evening so that the women who had been in seclusion all day could roam the streets without fear of annoyance; no longer did the curfew toll the hour of rest, or signal fires burn on the hills surrounding the capital to tell the people of the land that all was well. And night and day the city gates were opened wide, and all men were allowed to come and go at their own free will. An electric tramway, constructed as a result of American enterprise, ran through the heart of Seoul. Mr. F. A. McKenzie, in his well-known work, "The Tragedy of Korea," gave some entertaining particulars of the ridiculous side of the transformation. "For instance," he wrote, "the Korean navy had one ship, which was good for nothing; it also had, if I remember rightly, thirty-nine admirals. When the electric tramway was first opened in Seoul, the drivers and conductors were greatly hindered, because coolies constantly slept in the roadways, and used the rails as pillows. The conductors became quite expert in throwing these men off the track. It is said—although I cannot guarantee the truth of this story—that a number of high officials presented a petition to the Emperor protesting against the action of the tramway company. The petitioners pointed out that sleep is natural for man, and that to disturb sleep suddenly is injurious. They therefore begged the Emperor to issue a command to the tramway drivers that when they came upon a man sleeping across the track they should stop their cars and wait until he awoke. One or two people sleeping in this manner on the line were run over and killed. Thereupon a mob rose, destroyed a tramcar, and nearly killed the driver. The leaders were arrested and brought before a city judge. When asked what excuse they had, the leader spoke out vigorously. 'Our fathers have told us,' he said, 'that we must on no account disturb the stone tortoise which sleeps outside our city gates. [This stone tortoise is a symbolic and ancient memorial near Seoul.] They told us that, once the tortoise awakes, great trouble will happen to our country. Now the hissing of these electric cars will

awaken the tortoise, and we are not going to have it. The cars must stop!'"

The real source of all the ills that afflicted the land was to be found in the Throne. The Sovereign, who within recent years had assumed the title of Emperor, was all-powerful. Surrounding him, and having constant access to the Palace, were no fewer than 4500 so-called attendants or officials, including a large number of sorcerers, soothsayers, wizards, and eunuchs. His Majesty transacted all State business during the night, a circumstance which in itself stimulated intrigue. A large proportion of the revenue was expended in the maintenance of the "Imperial Household," and in addition the Emperor had a private purse of considerable wealth, consisting of royalties derived from mines and profits from other undertakings which, rightly speaking, should have belonged to the State. Scattered throughout the country were innumerable petty tyrants in the form of governors and magistrates, who so long as they satisfied the demands of the central authority were at liberty to exact from the people as much money as they required for their own private purposes. Security of property or even of life was unknown. Rich people, in order to escape oppression and extortion, purposely dwelt amid humble surroundings and wore common garments. Their luxuries were restricted to eatables, and these they lost no time in placing beyond all possibility of confiscation. There was no serious attempt to administer justice, for there were no greater criminals in the land than were the magistrates themselves. Under conditions where freedom from tyranny could only be purchased at the price of heavy bribes to the officials, it followed that not unfrequently the innocent were punished and the guilty escaped. When I visited Korea for the second time a missionary whom I met in the remote regions of the north related to me an account of his work, which afforded an interesting sidelight on the state of the country. "We are having a great revival," he exclaimed. "Thousands of Koreans are becoming Christians —yes, thousands, not hundreds. Our meeting-places are filled to overflowing. Everywhere they are crying aloud for the Gospel! Only last night at a service many of them insisted

upon relating to the congregations full accounts of their past misdeeds. There were some men who even confessed to having committed murder, and in some instances several murders, while one official actually related the story of his own dishonesty!" No adequate account of the miseries of the people of Korea can ever be written, for they are but partially known. The prisons were nothing more or less than foul dungeons, where the most revolting tortures that barbaric ingenuity could devise were practised, the victims often being women and children. The effects of maladministration were more in evidence in the towns than in the country districts, where the natives, knowing little else save oppression, had settled down to lives of serfdom on the soil. The sights which met the eye in the great centres of population were literally sickening. Possessing no manufacturing industries of consequence, the people had been reduced to a state of extreme poverty. In Seoul, the contrast between the barbaric splendour that surrounded the Court and the squalor which characterised the lot of the common individual conveyed its own lesson. On one occasion I was a member of a party who, after being received in audience by the Emperor and the Crown Prince, were entertained to lunch in one of the palaces that had formerly been a royal residence. Our way lay through narrow roads that were little better than rough tracks. On either side were low-roofed huts, nearly all of which were unfit for human habitation, while not a few presented the appearance of ruins. At the entrances groups of men lounged, idly smoking thin-stemmed pipes of prodigious length, while the children, whose features were coated with filth, played not with that light-hearted merriment usually associated with youthfulness in the West, but listlessly, as children born to squalor and to misery. As we passed through a succession of massive old gates within the palace grounds, the Korean soldiers saluted with a leisure which, could it have been witnessed by a British drill-instructor, would doubtless have called forth comment, both stern and picturesque. Lunch was served in a detached palace by the side of a square lotus pond. The building itself, with its quaintly-carved roof, was a noble example of ancient

Chinese architecture. The rooms were not enclosed on any side, all the screens which usually acted as walls having been removed so as to give the guests the benefit of an uninterrupted view. Through the veil of trees one caught glimpses of many winding streams, their surfaces silvered by the light from a brilliant sun, of spans of fragile bridges and of quaint old craft stationary at moorings which had served for centuries. As a Court function the luncheon was, perhaps, lacking in dignity, but as a delightfully informal affair it was thoroughly in keeping with the serio-comic aspect of all things in Korea. Ministers of Cabinet rank, having, without the least regard to courses, filled their plates, retired to a corner, where they sat on the floor and used their knives and forks with a vigour which, though lacking skill, at least indicated a keen appreciation of foreign dietary. Two toasts were honoured. Of these the first—that of the Emperor of Korea—was quietly received. The second—that of the Emperor of Japan—called forth from the Japanese present loud cries of "Banzai," and this demonstration continued for several moments. The incident was small enough in its way, but nevertheless it was not without significance in the light of the political events that were then shaping themselves in Korea. On leaving the grounds I noticed several Korean guests taking a siesta under the shade of spreading trees. The instant that the main gates of the palace were passed, the area of squalor was reached. For the most part the natives dress in costumes wholly of white, and because of this circumstance, apart altogether from a natural leaning in the direction of uncleanliness, it may be said that they show dirt to its utmost disadvantage. After leaving the palace I paid several calls. It was dusk when I decided to return to my hotel, and as the rikisha wended its way along the tortuous alleys of the capital darkness enshrouded the white-clad figures of the people out of doors, until in the blackness of night they stood out like spectral apparitions, and it required but little imagination to picture Seoul as a city of ghosts! Evidences of the reign of topsy-turveydom that held sway in the land pursued me to the precincts of the hotel itself. The building was situated in the square

that faced the main gates of the palace where the Emperor was in residence. Gathered round the window of the billiard-room, idly smoking and intently watching the play inside, was a group of Korean soldiers. In this leisurely fashion the men of the palace guard wiled away their hours!

# XLVII

## PASSING UNDER TUTELAGE

In any consideration of the existing situation in Korea, sympathy for the unhappy lot of the masses must not be allowed to overshadow the principal cause of the Empire's downfall. This cause was to be found in the hopeless incompetence and widespread corruption of the Administration. At one time Korea was a country of no mean importance in the world, and there is substantial evidence to show that her territories originally extended far beyond their present boundaries. To Korea Japan owes much of her culture, a circumstance which in itself should induce her to lean towards the kindly side in governing the people. The Western Powers have not been so tolerant in their treatment of Korea as they were in the case of Japan. As soon as Korea opened wide her doors to foreigners her independence was menaced. On the other hand Japan, in spite of the hostile acts of her people, received not only encouragement but real assistance from the Powers in the work of reforming herself. It was due largely to the success achieved by her in this direction that Korea was later to suffer the loss of her independence. But perhaps the most convincing reason for the rise of the one Empire and the decline of the other, lay in the dissimilarities of national and individual characteristics. During centuries of isolation the Japanese had lost nothing of their valour or virility. Although, viewed from the Western standpoint, their administration was, to say the least, comical, it nevertheless contained elements of strength out of which it was possible to mould firm the foundations of a modern State. In Korea circumstances were altogether different. As soon as foreigners were permitted to enter the country they gazed upon the ruins of a State. Era after era of maladministration, accom-

panied as it was by hideous cruelties and extortion, had taken the heart out of the people. And the classes who made a feeble pretence of governing had no desire to change an order of things under which they as individuals had prospered for so long. A glance at the map of the Far East will suffice to show the importance of Korea's geographical situation. It is clear that occupation of the country by any Power carries with it facilities for domination in the waters of the Extreme East. The Japanese, therefore, could not view with other than the utmost alarm the prospect of their neighbour falling a prey to Russian aggression. I do not think it has ever been seriously contended that, having herself succeeded in securing entry to the comity of nations, Japan could have shaped any effective policy towards Korea other than that which aimed at ultimate annexation. The Anglo-Japanese Alliance, as renewed in 1905, recognised her right to take such measures of guidance, control, and protection as she might deem proper to safeguard and advance her paramount interests, while a similar provision was inserted in the Portsmouth Treaty. Subsequently, by the withdrawal of their Ministers, all the Powers, led by the United States, gave sanction to the privileged position of Japan. It was, of course, understood that no measures would be taken contrary to the principle of equal opportunities for the commerce and industry of all nations. It is as well that this important circumstance should be emphasised. The status conceded to Japan in Korea differed largely from that she had acquired in Manchuria. In Korea her privileges were practically unrestricted, whereas in Manchuria they were explicitly defined. In short, the Powers recognised it as inevitable that Korea should pass under the guidance of Japan. Unable to defend herself against aggression from without, she had literally forfeited her place among the nations. So long as she was permitted to exercise control over her own foreign relations she constituted a menace to the safety of Japan and imperilled the peace of the world. The fate that has come over her is the fate that must assuredly overtake all decadent nations. It is one of those significant "lessons of history" which the great Powers in

the heyday of their prosperity are too often prone to forget. The friends of Korea have laid altogether too much stress upon the promises made by Japan, both before and during the war with Russia, that she would uphold the independence of the country. It cannot, of course, be denied that Japan might have chosen a more straightforward policy than that which she actually pursued towards her neighbour. At the same time in all fairness it must be confessed that national considerations of vital consequence were bound to influence her conduct, and it is an open question whether or not, until she had made sure of her victory over Russia, the Powers would have been prepared to give her a free hand in dealing with Korean affairs. It cannot any longer be denied that Japan's Protectorate had the sanction of the world, and when all has been urged that can be urged on behalf of Korea, the painful fact remains that the plight in which she now finds herself is largely, if not wholly, the result of her own errors and misdeeds. In saying this much, however, I am not by any means prepared to admit that Japan has proved herself either wise enough or humane enough to undertake the work of reform in Korea. But the world entrusted her with the task, not because of its concern for the welfare of the Korean people, but solely because of political expediency, and therefore it is not disposed to subject her administration to anything like a searching examination. Yet in Korea we are undoubtedly witnessing one of the most interesting and significant evolutions of modern times—the endeavour of one Oriental nation to reform another. It must not be forgotten that Japan herself is little more than twenty years in advance of Korea in the adoption of Western manners and customs. Her constant boast has been that in assimilating these later influences she has lost few, if any, of the qualities of her ancient culture, and that consequently she has created, as it were, a civilisation entirely her own.

It has been clearly shown in preceding chapters that this boast is not borne out by existing conditions in Japan. As yet the Japanese themselves have ill-digested Western civilisation, and, consequently, while in Korea many evidences of material reform may be seen, as a result of their activity, it is difficult to find any real indication that their presence

has raised the social or moral standard of the people. Nor is it possible to see how the Japanese can ever achieve marked progress in this last direction, for in spite of all that has been written or said in their favour, it is undeniable that they both think and act differently from ourselves in regard to all fundamental matters which we look upon as necessary to the sanctity of the home and also in a large measure to the preservation of common honesty and integrity. There is another aspect of the existing situation in Korea which cannot fail to arouse deep and widespread interest. For the first time in modern history Christianity has surrendered to the forces of heathenism the task of reforming heathenism. While, of course, it is not any longer seriously contended that there can be no real civilisation without Christianity, the fact remains that the beliefs of Oriental peoples leave untouched many problems with which Christianity makes some attempt — and not without success — to grapple. Among the Koreans missionary effort has been remarkably successful, considerably over two millions of the people having embraced the Western religion. Generally speaking, the native Christians are opposed to the Japanese *régime*, and for this reason the missionaries themselves incur the suspicion and frequently the displeasure of the authorities. One can already detect the germs of a conflict between enlightened Christianity with its lofty ideals on the one hand, and the forces of materialism as exemplified by the Japanese reformers on the other. Of this there is little doubt, that had Korea passed under the domination of a Western country instead of Japan, she would eventually have accepted some form of Christianity as a national religion. Japan cannot show her a moral code superior in any important feature to that which she already possesses, while a comparison of the respective systems of ethics in the working has by no means convinced the Koreans of their own unworthiness.

# XLVIII

## THE INAUGURATION OF THE PROTECTORATE

WHEN I visited Korea eighteen months after the war I found that among the foreign residents there was a feeling of something more than unfriendliness towards the Japanese; men who had spent the best part of their lives in the land, and who at first warmly welcomed the new Administration, were now emphatic in denouncing it. With a full realisation that charges reflecting upon the honour of a nation cannot be lightly made, I went to considerable pains to ascertain both sides of the question, and I think I may fairly claim that what is here written represents views held in serious circles. The Japanese have repeatedly asserted that in all its essential aspects their administration in Korea resembled that of Great Britain in Egypt. As a matter of fact the exact contrary was the case. It was in the essential aspects that it differed from British administration in Egypt. It cannot truthfully be said that we have selfishly exploited the resources of Egypt. Our constant aim has been to raise the standard of her people by methods of gentleness, and whenever possible, even at the expense of British blood and treasure, to release them from the tyranny of their own rulers. But the Japanese sought to make Korea an annex of Japan. In short it would seem as though their policy was deliberately directed towards elbowing the Koreans out of their own land. To gain their ends they have not hesitated to stoop to malpractices of the worst kind. Not content with resorting to methods of fraud in order to deprive natives of their land and property, they treated those who were bold enough to resent their conduct with a calculated cruelty that finds its only parallel in Belgian rule in the Congo. Naturally the question arises as to how far the Administration was implicated in this tyranny. Before

a satisfactory answer can be returned it is necessary to examine carefully the conditions that prevailed in Korea, and also, in fairness to the Japanese, to present some specific charges. Soon after the disembarkation of Japanese troops at Chemulpo in 1904, thousands of emigrants began to cross the Tsushima Straits, and since then there has been a steady influx, until now it is estimated that there are nearly 200,000 Japanese settlers in Korea. For the most part the new arrivals were penniless adventurers who looked upon the Koreans as a simple people capable of easy exploitation. In their ranks the class that would be considered undesirable in any country was largely represented. Instead of attempting to reform the social conditions of the masses a large section of the Japanese were bent upon acquiring wealth by catering to the needs of their lowest vices. The authorities, who made no serious attempt to cope with these evils, could not altogether be acquitted from blame in the matter. Their whole policy appeared to be framed without the least consideration for Korean sentiment, or indeed, for Korean well-being, either moral or material. It lacked the elements of simple justice and common honesty, while the harshness of official methods conveyed the impression that Japan had but ill-digested the civilising influences which she pretended to impart to others. The police handled the people with unmistakable roughness; mounted orderlies careered wildly through the narrow and crowded thoroughfares at all hours of the day and night; and the Japanese settlers showed by their manner no less than by their treatment that they looked upon the Koreans as something less than human beings. From time to time publicists acquainted with Far Eastern affairs have espoused the Korean cause. Prominent among these was Mr. Hulbert, who, in a standard work entitled "The Passing of Korea," presented a number of serious allegations against the Japanese and their administration, and in nearly every instance that he quoted set forth chapter and verse. As our allies so frequently complain that charges are brought against them without the production of corroborative evidence, I propose to give from Mr. Hulbert's book a few extracts which will afford readers a vivid idea of the methods pursued by the Japanese in Korea.

"It will be asked," he wrote, "what specific evidence is there that Koreans were ill-treated. This question must be met and answered. . . . An American gentleman stood upon a railway station platform where a score or more of Japanese were waiting for a train. An aged Korean, leaning upon a staff, mounted the platform and looked about him with interest. It is likely that he had never before seen a railroad train. A half-naked Japanese employee of the road seized the old man by the beard and threw him heavily upon the station platform. The Korean arose with difficulty and picked up his cane to go. The Japanese then threw him backwards off the platform on to the rails, and then stood back and laughed, as did all the other Japanese. Apparently there was not a single Japanese in all the company who saw in this event anything but a good joke. The old Korean was too severely hurt to rise, but some of his Korean friends came and picked him up and took him away. The reader will wonder why the American gentleman did not interfere. Well, the fact is, he knew he would be uselessly sacrificing his own life. If he had raised a finger in the Korean's defence, the chances of his getting away without being killed would have been less than one in a hundred. At another station there is a little side-path where Koreans are forbidden to walk, but there is no sign whatever so to indicate. A Korean stepped out upon this walk, and was instantly attacked by three or four Japanese and pounded into insensibility. It was a day or more before he regained consciousness, and he was not able to leave his house for weeks.

"The Japanese look upon the Koreans as lawful game, and the latter, having no proper tribunals where they can obtain redress, do not dare to retaliate. If they complain at Korean courts, the magistrate lifts hands of horror and asks how in the world he is to get anything out of the Japanese, and if he applies to a Japanese court he is usually turned away without a hearing. . . . A Korean brought in from the country some Korean money to exchange for Japanese money. He deposited his cash with the leading Japanese broker, taking the latter's note of hand, payable at sight to bearer. Two days later he came to have the note

cashed, and the broker said he had already paid it but had failed in the hurry of the moment to take the note. The Korean tried three times to place the matter before the proper Japanese authorities, but was thwarted each time, and when at last, by the aid of a foreigner, he got the case taken up, he was roundly scolded for obtaining foreign help —but the money was paid. An American gentleman was served the same trick by the same broker, and, though the Japanese authorities granted that it was a perfectly clear case, he recovered the money only after nine months of hard work, and then without interest. . . .

"In the building and repairing of the railroad it is found cheaper to use Koreans than Japanese. The head office orders the work to be done, and says that the Koreans are to be treated properly. There it ends. The Japanese headmen of the working gangs go into the villages all along the way, and at the point of the revolver and sword compel Koreans by the hundreds to go and work at one-third of a day's wage. They have the option of making a money payment in lieu of work, but they have to pay for each day they get off twice what they would have received. In this way one township handed over some twenty thousand dollars of blackmail, and for part of it they had to pay *twelve per cent. a month* to money-lenders! The Koreans have suffered especially in the matter of real estate. On the strength of Korea's promise to supply all the land necessary for Japanese military operations, the latter have gone in and seized the most valuable property in the vicinity of the largest towns in Korea. When the people ask for payment, they are told to go to their own Government for payment. But the Japanese know that the Government has no money and that the land is simply confiscated. But not only so; men claiming to be connected with the Japanese army go out into the country districts and seize any land they like, repeating simply the formula, 'this is for military purposes.' . . . During the year 1905 there was no such thing as justice for the Korean either from the private Japanese or from the officials. The military put their hands upon eight square miles of the most valuable land near Seoul simply for the building of barracks and parade

grounds for twelve thousand men, when experts affirm that one-sixteenth of the space would have been ample. That land could not be bought in open market for six million dollars, but the Japanese knew the Government could not pay a proper price, so they gave two hundred thousand dollars, to cover the cost of removal only. And this is all the Koreans could ever hope to get. The most elementary laws of human right and justice have been daily and hourly trampled under foot. Hardly an effort has been made to carry out any reform that would better the condition of the Korean people.

"Mark the action of the man who controlled the finances of the country—a Japanese. The country was flooded with counterfeit nickels, made largely by Japanese in Ōsaka, and brought over to Korea by the millions. The Korean currency fell to a ruinous discount, and Japanese merchants were suffering severely because of the rapid fluctuations of exchange. The Adviser determined that the Korean Government should borrow several million *yen* from Japan, and with it make a new currency to substitute for the one in use. When it was learned that Korea was to pay six per cent. for this money, Korean financiers came forward and said that they would lend their Government the necessary money at a far lower rate. They did it to keep Korea out of debt to Japan, but the Adviser refused to allow it. The money must be borrowed from Japan at the higher rate. A few million dollars' worth of nickels were made in Japan, where the Japanese enjoyed the profit, which amounted to over fifty per cent., and the nickels were sent to Korea. The Adviser announced that on the 1st of June, or about then, everybody who bought nickels would receive the new ones at par with the Japanese money, but would receive one new one for two of the old. As the old nickels were at a discount of 240, this would mean that any one with capital could buy up old nickels at 240, and exchange them at 200. Chinese and Japanese merchants leaped to do so, and the market was sucked dry of money. When the day of exchanging came, it was found that the supply of new nickels was entirely inadequate. So the exchange was put off for two months; then for two months more. Meanwhile the

Korean merchants were going to the wall because they could not meet their notes, owing to the tightness of the money market. Some of them were trying to save themselves by borrowing from Japanese usurers at six per cent. a month. At this most painful juncture the Emperor proposed to lend some three hundred thousand dollars of his private funds to his suffering merchants; but when he sent his cheque to the Japanese bank, where his funds were deposited, the Japanese Adviser ordered payment stopped, and would not let him draw out his private funds even to help the merchants in their desperate straits. There is no language too strong in which to denounce this outrage.

"In the northern city of Pyeng-yang the Japanese carried on enormous confiscations of land. They even enclosed with their stakes property belonging to American citizens, and when the owners complained to the Japanese Consul they were told that it would be all right, but that they had better not remove the stakes at present. Nor did the Americans dare to do so; for though they themselves would have been safe, their servants would have been seized by Japanese and cruelly beaten. A Korean in that town was ordered by a private Japanese to sell his house for a quarter of its value. He demurred at this, but was seized and dragged away to a neighbouring Japanese barracks and given a severe beating. In his shame and anger at this disgrace he took morphine and killed himself. Almost before his body was cold the Japanese came and demanded that his widow sell the house at the price suggested. She replied that she would die first. How it ended the writer never heard.

"A Korean boatman attempted to go under the bridge at Pyeng-yang while it was under construction. This was forbidden, but there was no proper sign to indicate the fact. The Japanese railway coolies threw him out of his boat. He clung to some timbers in the water, but the Japanese beat his hands with railroad bolts until his fingers were broken, and he fell off and was drowned. Two days later the murdered man's father, having secured the body, brought it to the Japanese Consul and demanded justice. He was driven away with the statement that the Consul would have

nothing to do with the case. The criminals were well known and could have been captured with ease.

"In the city of Seoul, almost within a stone's-throw of the Japanese Consulate, a Korean widow came to the house of the writer and begged him to buy her house for five cents and put his name on the door-post, because she had reason to believe that unless she sold her house for half price to a Japanese living next door he would undermine the wall of her house and let it fall upon her head. The Koreans say deliberately that time and again naked Japanese have run into Korean houses and shocked the Korean women outrageously, simply in order to make the owner willing to sell out at any price. . . .

"An American resident in one of the ports of Korea related to the writer the case of a Korean landowner who lost his property through the following piece of trickery. A Japanese employed a disreputable Korean to make out a false deed of the land, and, armed with this, went to take possession. The real owner exhibited the true and incontestable deeds; but when the matter was referred to the Japanese authorities, the false deeds carried the day, and the man who had held the property for years was summarily ejected. . . .

"A Japanese refused to pay his fare on the American electric cars and was put off. He ran into a near-by Korean rice shop, turned the rice out of a bag, placed it upon the track, and lay down upon it. He defied the Korean motor men to ride over him. No one dared to touch him, for this would have been the signal for a bloody reprisal on the part of the Japanese who lived all about. When the Americans complain of such things they are told by the Japanese authorities that they can be easily avoided by employing Japanese.

"As the year advanced the Japanese kept at work gathering in the material resources of the country. Fishing rights along the whole coast were demanded and given. No one who knows what Japanese fishermen are like will doubt for a moment that the Koreans will be driven from the fishing grounds. Then the coast-trading and riparian rights were seized, looking toward a complete absorption of the large coast-wise and river traffic."

The Japanese have not uttered one word in reply to these specific charges. Instead they have merely asserted that the author is an irresponsible and sensational publicist. As a matter of fact there are few men living who possess a greater or a more intimate knowledge of Korea than does Mr. Hulbert. Nobody of impartial mind who has had the pleasure of meeting him would for a moment doubt the honesty of his purpose. By no means blind to the faults of the Koreans, he originally welcomed the prospect of Japanese guidance in the work of serious reform. His attitude only changed when, after a long experience of the new Administration, he was convinced that the people were being released from one form of oppression to be subjected to another. Perhaps his enthusiasm for the cause of the Koreans led him unwisely to ignore the established fact of the Japanese Protectorate over the country, and the part he took in the ill-fated and ill-advised mission to the Hague doubtless tended to weaken the influence of his advocacy in regard to matters where he was in possession of irrefutable evidence. When I saw him in Korea he related to me many other instances of Japanese tyranny apart from those set forth in his book, and at the same time produced strong documentary evidence in support. But Mr. Hulbert was not the only publicist who responded to the Japanese appeal for detailed criticism of their régime in Korea. Mr. George Kennan, the distinguished correspondent of *The Outlook* (New York), who has invariably been a warm admirer of the methods of the Japanese, was compelled to find serious fault with their administration in Korea. He also related a number of specific instances in support of his criticisms, and although the extreme gravity of the case which he presented was manifest, the Japanese made no attempt at a reply. Mr. F. A. McKenzie who, after Mr. Hulbert, has probably done more than any other publicist to draw attention to the tyranny of the Japanese in Korea, has also not failed to supply data in proof of his statements. He has been abused in the columns of the Japanese press with a violence which, in the absence of any attempt at reasoned controversy, indicated a last resource. In answer to his specific charges only one single word has been uttered—"lies!"

Yet these charges embraced crimes of first magnitude—murder, plunder, outrage, incendiarism, and, in short, all the horrors that make up tyranny of the worst description. It is difficult to see how Mr. McKenzie's sincerity could be seriously called into question, for he, too, like many other critics of the new Administration, was once a warm friend and supporter of Japan. In those days his contributions were quoted at great length in the newspapers of Tōkyō, while the editorial columns expressed their appreciation of his marked capacity. So soon, however, as he found fault with the conditions prevailing in Korea, he was contemptuously termed a "yellow journalist" and "a sensation-monger." It must not be imagined that the Koreans submitted to this reign of terror without protest of any kind. Out of sheer despair several prominent men committed suicide. Had such a circumstance happened in their own country, the Japanese would have regarded it as a true manifestation of the highest ideals of *Bushido*. As it was, they looked upon the Korean victims as misguided wretches. Gradually bitter animosity against the Japanese spread far and wide. The forced abdication of the Emperor, and the disbanding of the army in 1907, with its bloody sequel—the massacre of helpless Koreans in the streets of Seoul—spread rebellion over half the land. The insurgents, who were joined by men formerly in the ranks of the army, offered a desperate resistance, and the Japanese troops who had distinguished themselves on the battlefields of Manchuria found that their methods were not nearly so successful when faced with the harassing tactics of a guerilla warfare similar to those experienced by the British forces in the South African campaign. At an outside estimate the Korean insurgents could not have totalled more than 5000. The number of Japanese soldiers employed against them may be judged from the fact that, for conspicuous services, the Mikado conferred no fewer than 23,000 rewards in the form either of decorations or pecuniary gifts. Under the direction of General Viscount Hasegawa, the Commander-in-Chief of the Japanese forces in Korea, the rising was suppressed with barbaric rigour. A proclamation was issued announcing

that, "In case of those who wilfully join insurgents, or afford them refuge or conceal weapons, they shall be severely punished. More than that, the villages to which such offenders belong, shall be held collectively responsible, and punished with rigour." In his book, "The Tragedy of Korea," Mr. F. A. McKenzie gives some graphic details of a visit to the insurgents who, as the "Righteous Army," achieved fame throughout the length and breadth of the land. The following are some extracts from his description of scenes that he witnessed :—

"'It is necessary for us to show these men something of the strong hand of Japan,' one of the leading Japanese in Seoul, a close associate of the Prince Itō, told me shortly before I left that city. 'The people of the eastern mountain districts have seen few or no Japanese soldiers, and they have no idea of our strength. We must convince them how strong we are.'

"As I stood on a mountain pass, looking down on the valley leading to I-Chhon, I recalled these words of my friend. The 'strong hand of Japan' was certainly being shown here. I beheld in front of me village after village reduced to ashes.

"I rode down to the nearest heap of ruins. The place had been quite a large village, with probably seventy or eighty houses. Destruction, thorough and complete, had fallen upon it. Not a single house was left, and not a single wall of a house. Every pot with the winter stores was broken. The very earthen fireplaces were wrecked.

"The villagers had come back to the ruins again, and were already rebuilding. They had put up temporary refuges of straw. The young men were out on the hills cutting wood, and every one else was toiling at house-making. The crops were ready to harvest, but there was no time to gather them in. First of all, make a shelter.

"During the next few days sights like these were to be too common to arouse much emotion. But for the moment I looked around on these people, ruined and homeless, with quick pity. The old men, venerable and dignified, as Korean old men mostly are, the young wives, many with babes at their breasts, the sturdy men, they formed, if I could

judge by what I saw, an exceptionally clean and peaceful community.

"There was no house in which I could rest, so I sat down under a tree, and while Min Gun was cooking my dinner the village elders came around with their story. One thing especially struck me. Usually the Korean woman is shy, retiring, and afraid to open her mouth in the presence of a stranger. Here the women spoke up as freely as the men. The great calamity had broken down the barriers of their silence.

"'We are glad,' they said, 'that a European man has come to see what has befallen us. We hope you will tell your people, so that all men may know.'

"'There has been some fighting on the hills beyond our village,' and they pointed to the hills a mile or two further on. 'The Eui-pyung' (the volunteers) 'had been there, and had torn up some telegraph poles. The Eui-pyung came down from the eastern hills. They were not our men, and had nothing to do with us. The Japanese soldiers came, and there was a fight, and the Eui-pyung fell back.

"'Then the Japanese soldiers marched out to our village, and to seven other villages. Look around and you can see the ruins of all. They spoke many harsh words to us. "The Eui-pyung broke down the telegraph poles and you did not stop them," they said. "Therefore you are all the same as Eui-pyung. Why have you eyes if you do not watch, why have you strength if you do not prevent the Eui-pyung from doing mischief? The Eui-pyung came to your houses and you fed them. They have gone, but we will punish you."

"'And they went from house to house, taking what they wanted and setting all alight. One old man—he had lived in his house since he was a babe suckled by his mother—saw a soldier lighting up his house. He fell on his knees and caught the foot of the soldier. "Excuse me, excuse me," he said, with many tears. "Please do not burn my house. Leave it for me that I may die there. I am an old man, and near my end."

"'The soldier tried to shake him off, but the old man prayed the more. "Excuse me, excuse me," he moaned.

Then the soldier lifted his gun and shot the old man, and we buried him.

"'One who was near to her hour of child-birth was lying in a house. Alas for her! One of our young men was working in the field cutting grass. He was working and had not noticed the soldiers come. He lifted his knife, sharpening it in the sun. "There is a Eui-pyung," they said, and they fired and killed him. One man, seeing the fire, noticed that all his family records were burning. He rushed in to try and pull them out, but as he rushed a soldier fired, and he fell.'

. . . . . .

"Day after day we travelled through a succession of burned-out villages, deserted towns, and forsaken country. The fields were covered with a rich and abundant harvest, ready to be gathered, and impossible for the invaders to destroy. But most of the farmers were hiding on the mountain-sides, fearing to come down. The few courageous men who had ventured to come back were busy erecting temporary shelters for themselves before the winter cold came on, and had to let the harvest wait. Great flocks of birds hung over the crops, feasting undisturbed.

"Up to Chong-ju nearly one-half of the villages on the direct line of route had been destroyed by the Japanese. At Chong-ju I struck directly across the mountains to Chee-chong, a day's journey. Four-fifths of the villages and hamlets on the main road between these two places were burned to the ground.

"The few people who had returned to the ruins always disclaimed any connection with the 'Righteous Army.' They had taken no part in the fighting, they said. The volunteers had come down from the hills and had attacked the Japanese; the Japanese had then retaliated by punishing the local residents. The fact that the villagers had no arms, and were peaceably working at home-building, seemed at the time to show the truth of their words. Afterwards, when I came up with the Korean fighters, I found these statements confirmed. The rebels were mostly townsmen from Seoul, and not villagers from that district.

"Between 10,000 and 20,000 people had been driven to

the hills in this small district alone, either by the destruction of their homes or because of fear excited by the acts of the soldiers.

"Soon after leaving I-Chhon I came on a village where the Red Cross was flying over one of the houses. The place was a native Anglican church. I was later on to see the Red Cross over many houses, for the people had the idea that by thus appealing to the Christians' God they made a claim on the pity and charity of the Christian nations.

"In the evening, after I had settled down in the yard of the native inn, the elders of the church came to see me, two quiet-spoken, grave, middle-aged men. They were somewhat downcast, and said that their village had suffered considerably, the parties of soldiers passing through having taken what they wanted and being guilty of some outrages. A gardener's wife had been violated by a Japanese soldier, another soldier standing guard over the house with rifle and fixed bayonet. A boy, attracted by the woman's screams, ran and fetched the husband. He came up, knife in hand. 'But what could he do?' the elders asked. 'There was the soldier, with rifle and bayonet, before the door.'

"Later on I was to hear other stories, very similar to this. These tales were confirmed on the spot, so far as confirmation was possible. In my judgment such outrages were not numerous, and were limited to exceptional parties of troops. But they produced an effect altogether disproportionate to their numbers. The Korean has high ideals about the sanctity of his women, and the fear caused by a comparatively few offences was largely responsible for the flight of multitudes to the hills.

"In the burning of villages, a certain number of Korean women and children were undoubtedly killed. The Japanese troops seem in many cases to have rushed a village and to have indulged in miscellaneous wild shooting, on the chance of there being rebels around, before firing the houses. In one hamlet, where I found two houses still standing, the folk told me that these had been left because the Japanese shot the daughter of the owner of one of them, a girl of ten. 'When they shot her,' the villagers said, 'we approached the soldiers, and said, "Please excuse us, but since you have

killed the daughter of this man you should not burn his house." And the soldiers listened to us.'

"In towns like Chong-ju and Won-ju practically all the women and children and better-class families had disappeared. The shops were shut and barricaded by their owners before leaving, but many of them had been forced open and looted. The destruction in other towns paled to nothing, however, before the havoc wrought in Chee-chong. Here was a town completely destroyed.

"Chee-chong was, up to the late summer of this year, an important rural centre, containing between 2000 and 3000 inhabitants, and beautifully situated in a sheltered plain, surrounded by high mountains. It was a favourite resort of high officials, a Korean Bath or Cheltenham. Many of the houses were large, and some had tiled roofs—a sure evidence of wealth.

"When the 'Righteous Army' began operations, one portion of it occupied the hills beyond Chee-chong. The Japanese sent a small body of troops into the town. These were attacked one night on three sides, several were killed, and the others were compelled to retire. The Japanese despatched reinforcements, and after some fighting regained lost ground. They then determined to make Chee-chong an example to the countryside. The entire town was put to the torch. The soldiers carefully tended the flames, piling up everything for destruction. Nothing was left, save one image of Buddha and the magistrate's yamen. When the Koreans fled, five men, one woman, and a child, all wounded, were left behind. These disappeared in the flames.

"It was a hot early autumn when I reached Chee-chong. The brilliant sunshine revealed a Japanese flag waving over a hillock commanding the town, and glistened against the bayonet of a Japanese sentry. I dismounted and walked down the streets and over the heaps of ashes. Never have I witnessed such complete destruction. Where a month before there had been a busy and prosperous community, there was now nothing but lines of little heaps of black and grey dust and cinders. Not a whole wall, not a beam, and not an unbroken jar remained. Here and there a man might be seen poking among the ashes, seeking for aught of value.

The search was vain. Chee-chong had been wiped off the map. 'Where are your people?' I asked the few searchers. 'They are lying on the hillsides,' came the reply.

. . . . . .

"By noon I arrived at the place from which the Korean soldiers had been driven on the day before. The villagers there were regarded in very unfriendly fashion by the rebels, who thought they had betrayed them to the Japanese. The villagers told me what was evidently the true story of the fight. They said that about twenty Japanese soldiers had on the previous morning marched quickly to the place and attacked 200 rebels there. One Japanese soldier was hurt, receiving a flesh wound in the arm, and five rebels were wounded. Three of these latter got away, and these were the ones I had treated earlier in the morning. Two others were left on the field, one badly shot in the left cheek, and the other in the right shoulder. To quote the words of the villagers, 'As the Japanese soldiers came up to these wounded men they were too sick to speak, and they could only utter cries like animals—"Hula, hula, hula!" They had no weapons in their hands, and their blood was running on the ground. The Japanese soldiers heard their cries, and went up to them and stabbed them through and through, and through again, with their bayonets until they died. The men were torn very much with the bayonet stabs, and we had to take them up and bury them.' The expressive faces of the villagers told more eloquently than mere description how horrible the bayoneting was.

"Were this an isolated instance, it would scarcely be necessary to mention it. But what I heard on all sides went to show that in a large number of fights in the country the Japanese systematically killed all the wounded and all who surrendered themselves. This was not so in every case, but it certainly was in very many. The fact is confirmed by the Japanese accounts of many fights, where the figures given of Korean casualties are so many killed, with no mention of wounded or prisoners.

"Another point deserves mention. In place after place the Japanese, besides burning houses, shot numbers of men

whom they suspected of assisting the rebels. When describing these executions to me the Koreans always finished up by mentioning how, after the volley had been fired, the Japanese officer in command of the firing party went up to the corpse and plunged his sword into it or hacked it. An Englishman, of whose accuracy I have every reason to be assured, heard the same tale. He lived near a Japanese military station on the outskirts of the rebellion, and he attended one of the executions there to see if this was so. The prisoner was led out, his hands tied behind him, and a Japanese soldier leading him by a halter around the neck. As they passed along on their way to the firing-ground the Japanese soldier noticed the watching foreigner. Thereupon he deliberately jerked the halter to make the prisoner stumble, and then gave him a heavy prod in the stomach with the butt-end of his rifle. On this occasion, however, there was no slashing of the body after death."

Mr. McKenzie's accounts of the atrocities practised by the Japanese were confirmed by the statements of European travellers in the interior. Moreover, in the columns of the *Korean Daily News*, there appeared from time to time full particulars of cases of ill treatment. In this connection it is only necessary to quote one article, for hardly a day passed without striking evidence of Japanese tyranny coming to light. "We have," observed the journal in its issue of September 2, 1907, "repeatedly commented upon the manner in which Japan has gone to work to subjugate Korea, and reports that have just reached us from the country are illustrative of the unpleasant and unnecessary methods she is now using. If it is the desire of the authorities to create a terrible race hatred among the Korean people for Japan, we can only say that their desire will be consummated very rapidly, unless the great question of humanity is a little more studied. On Saturday afternoon last, two Korean ex-soldiers were shot by Japanese troops outside the west gate of the city of Su Won. The officer in charge then drew his sword, and going up to the two poor wretches, who were dying, plunged it into their stomachs, almost disembowelling them. The act has caused great excitement

and rage in the city, and as a result, when four more men were led out to be shot on Sunday, all Koreans were forbidden to approach within a quarter of a mile of the place of execution. Japanese civilians were, however, allowed to be present. At Yongsan on Saturday evening, a Korean and his wife, the latter with a baby tied to her back, were quietly walking along the high road near the Japanese barracks when a Japanese soldier, without any reason, fired at them. The bullet struck the woman in the side, killing her instantly. The baby's fingers on one hand were blown to pieces. In wild despair the husband rushed to the barracks and poured out the tragic tale to the officer. He was listened to, and then offered a small sum of money as compensation. On his refusing, he was driven out into the road. No information can be obtained as to whether the murderer has been punished or not; but it is safe to assume that no notice has been taken of his act. In the peaceful little village of Cha-Ma-Chang, just a few miles from the east gate of Seoul, the Japanese soldiers, on their way to I-Chun and Chang Chu, have caused considerable trouble. They are compelling the local farmers to act as their coolies, and, on refusal, seize them by force and carry them away. The women have also been assaulted, and the whole village is in a state of terror. The farmers argue very logically that it is unfair to expect them to act as baggage coolies to Japanese soldiers. They reason that as good Korean patriots it is unreasonable to expect them to carry ammunition that will be used to shoot down their fellow-countrymen, as, if they do, they are likely to be attacked and fired upon by other Koreans; that no wages are paid for their services; that they are not coolies, but are respectable farmers; and that it is a busy time just now in the fields, and the crops cannot be neglected. These reasons would appear convincing to most, but have no effect on the officers. On the Coronation Day, several men were seized and marched off with heavily-laden jiggies at the point of the bayonet. Ponies are being commandeered in all directions, whilst no payment is offered for anything that is taken. The majority of the villagers have fled to the mountains. If the latter incidents

happen within a few miles of Seoul, one is tempted to ask what is going on far out in the country."

In June of 1908, at the instigation of the Resident-General, proceedings were instituted by the British Government against the editor of the *Korean Daily News*, the late Mr. E. T. Bethell. The charge against him was that he had published seditious matter contrary to Article 5 of the Order in Council 1907, and after a lengthy hearing he was sentenced to three weeks' imprisonment as a misdemeanant of the first division. As soon as a substantial complaint was received from the Japanese authorities no other course was open to the British Government than to prosecute Mr. Bethell. There could be no doubt that the journal he controlled, more especially the vernacular edition, had contained articles and contributions that were calculated to incite tumult or disorder. The defendant's counsel urged that the Japanese Government was not the Government of Korea. In passing sentence Judge Bourne disposed of this plea in the following terms, which had a special significance, inasmuch as they showed that, as far as Great Britain was concerned, the status of Japan in Korea had received full recognition: "But if the Government of the existing Emperor, protected by the Government of Japan, is not the Government of Korea, who is governing the country? Nations sometimes fall into the wretched state of organised rebellion, when a *de jure* and *de facto* Government are existing in the same national territory at the same time, for instance in England in 1645, when the King ruled at Oxford and the Parliament in London. Here there is no existing body that can be called a Government but the Emperor under the protection of Japan. By treaty, and in fact, that is the only political body that can be called the Government of Korea; so far as appears here, the insurgents have no organisation and no responsible leaders. I have no doubt that the reigning Emperor, under the protection of Japan, constitutes the Government of Korea, and that matter exciting enmity between the Koreans and the Japanese Protectorate, as these writings do, falls within Article 5 of the Order."

Mr. Bethell, like other advocates of the Korean cause, was at one time friendly in his attitude towards Japan. The

judge admitted that the weightiest of the arguments used in his favour was that relating to the fairness and honesty of his intentions. Apart altogether from the issue of this trial, the fact remained that the Japanese were not able to contradict the specific instances of cruelty advanced by Mr. Bethell; also they made no effort to prove that the allegations of Mr. McKenzie were false. On the contrary, there appeared in newspapers friendly to their cause statements which showed that, in regard to the horrible slaughter of Koreans, neither of these publicists had erred on the side of exaggeration. The following extract from the *Kobe Herald* of November 26, 1908, plainly speaks for itself:—

"We learn from the *Japan Mail* that there has been published in Tōkyō a document, apparently official, which gives a statement of the casualties resulting from the insurrection in Korea in the interval from July 1907 to the 31st October 1908. From this it is learned that the total killed and wounded on the Japanese side was 452. No details are given as to how many were killed and how many wounded. The aggregate includes the casualties in the gendarmes as well as in the garrison troops. When we come to the case of the insurgents, we find that the killed alone amount to no less than 14,354; nothing is said about the wounded. This appallingly formidable number of casualties on the Korean side indicates that the insurrection has been of a serious character, and that the resistance made by the Koreans has been desperate. Probably the greater part of the insurgents do not know what they are fighting for, being merely instigated by the words of their leaders or by false reports circulated among them. It is to be sincerely hoped that the worst of this shocking affair is now nearly over. At the best it must leave a mark indelible for many years to come not only in Korea itself, but also in the minds of compassionate people, who cannot but grieve to think that misguided and comparatively helpless folk should have been betrayed into such madness. For our (*Kobe Herald*) part we should say that it is more than a matter for grief; it is a matter for indignation, that the Koreans should have been slaughtered in such numbers."

It is a matter for gratification that the *Kobe Herald* did not

on this occasion allow the friendly sentiment which it invariably displayed towards the Japanese to overcome its sense of humanity. Unfortunately the same cannot be said of the *Japan Mail*, a journal controlled by the Tōkyō correspondent of *The Times*. The Japanese contention that the savagery of the Koreans called for severe reprisals is not altogether borne out by figures. It must not be forgotten that the official version is likely to minimise rather than otherwise the dark doings of the Japanese soldiery. Even when full allowance has been made for this circumstance, the return of casualties is sufficiently appalling to "stagger humanity." For every Japanese either killed or wounded thirty-five Koreans were slaughtered. The Japanese authorities have not deemed it necessary to publish the total of the wounded on the Korean side. Does this mean that it is so large that they are ashamed to reveal it to the world? If not, then only one interpretation can be placed upon their silence. The wounded were insignificant because the Koreans were given no quarter; in other words, the helpless wounded were despatched where they lay. Apart from the information on the subject for which we are indebted to Mr. F. A. McKenzie and the late Mr. Bethell, newspapers published in Japan have afforded us a glimpse behind the curtain that concealed the horror-fields of Korea. For instance, one day we read that "there has been a collision at Hongchong between a Japanese detachment and forty Korean insurgents. The latter must either have fought desperately or been almost completely surrounded, for they left thirty-one of their number dead or dying upon the field," and next we are told that "the Japanese troops got into touch with two bodies of insurgents and routed them with very heavy loss. The first engagement was at Chholwon. Here the insurgents numbered 250 and lost 80 of that total. The second fight was at a place called Yoju, and out of 200 insurgents 50 were shot down. Such drastic lessons must soon produce a sensible effect."

Dr. Morrison, in transmitting the official casualty returns to *The Times* on October 22, 1908, observed that the slaughter still continued, though modified in severity, and added, "the publication of such shocking figures provokes adverse

comment." It only remains to be added that other means, less worthy than those of armed insurrection, have been adopted by the Koreans to show their utter detestation of the Japanese régime. The murder of Prince Itō, the first Resident-General, at Harbin, and of Mr. Stevens, the American adviser in Korea, at San Francisco, are still fresh in the public mind. Besides these notorious cases there have been numerous attacks upon Korean officials who favoured the Japanese Administration. Assassination has always been a favoured means to a political end in Oriental countries. The Japanese themselves are not altogether strangers to its uses, as witness the attempts that were made upon the lives of Li Hung Chang and the present Tsar of Russia. Were we to accept of the dictum of Mr. Masujima, the eminent counsel who defended the instigator of the murder of the Queen of Korea, that "considering the class of diplomacy prevailing in Korea, Viscount Miura has accomplished only a triumph," then perhaps we might find some excuse for the criminal acts of the Koreans at the present time. But fortunately for the peace and security of the world, true civilisation condemns assassination, no matter what its motive may be, as a form of barbarism, and for that reason the cause of the Korean people as a whole suffered to no small extent by reason of the violent conduct of a few frenzied patriots.

When Prince Itō passed from the scene Japan lost the greatest statesman of the present generation. His work in Korea had been both warmly praised and keenly criticised by foreign observers. On the one hand it was said that his policy resembled that of Lord Cromer in Egypt and was equally as successful, while on the other hand it was contended that his régime inaugurated a period of tyranny over a helpless and a hapless people. There is no doubt that his rule was that of the iron hand, and that he gave considerable license to the military authorities to suppress with the relentless severity of the sword the national ebullition which from time to time made itself manifest, and which he regarded as nothing more or less than undisguised sedition. Either his instructions were exceeded or else the power held by the military element in the Administration was far greater than

was generally supposed to be the case. It is difficult to believe that a statesman of Itō's remarkable wisdom and foresight would give sanction to methods of repression likely for many years to come to embitter the Koreans against the Japanese. Yet there can be no doubt that his attitude towards the Throne lacked nothing in vigour. From investigations made in authoritative sources while in Korea, I believe that the accounts already published by Mr. F. A. McKenzie and others concerning the circumstances under which Itō concluded the remarkable treaty of November 17, 1905, depriving Korea of her independence, are substantially correct. While Japanese soldiers, with bayonets fixed, occupied the courtyard of the Palace, the Emperor was alternately threatened and cajoled. The acting Prime Minister, Han Kew Sul, who led the Cabinet in opposition to the Japanese demands, was unceremoniously bundled into a side chamber; the remainder of the Ministers only yielded because of a report that reached them that the Prime Minister had been put to death and because they honestly believed that their own lives were in peril; and the seal that was eventually affixed to the document was stolen from its custodian. The Emperor subsequently announced that he never gave his consent to the treaty, and his statement is fully borne out by witnesses present on the occasion. These details are only interesting in so far as they shed light upon the means employed by Japan to secure the Protectorate. The Powers, placing considerations of high policy first and foremost, were disinclined to extend any real measure of sympathy towards the Koreans. Thus the world was disposed to concede to Japan complete control in Korea as a part—the principal part—of the reward of victory in the campaign against Russia.

The Emperor soon brought about his own downfall. His capacity for intrigue remained with him to the last. The treasury of the Imperial Household had been emptied to the last *cash*, and he frantically appealed to financiers to lend him a large sum of money at a high rate of interest in order that he might defray the expenses of the wedding of the Crown Prince. Itō's will was repeatedly thwarted by irresponsible advisers who swarmed into the presence of the Emperor at all hours of the day and night. Eventually,

at the instigation of the Resident-General, police were stationed at the gates of the Palace, and only those individuals provided with a special pass were allowed entry. The despatch of a mission to the Hague Conference in 1907, with a view to bringing the grievances of Korea under the notice of the assembled representatives of the Powers, only resulted in Japan still further strengthening her hold upon the country. The Korean Cabinet, acting under the influence of the Resident-General, induced the Emperor to abdicate, and in his stead the Crown Prince—a man whose intellect is notoriously feeble—was raised to the Throne. Immediately a treaty was concluded which gave to Japan complete control over the affairs of the country. The terms of this document are highly important, inasmuch as they define the relations which existed between Japan and Korea throughout the period immediately preceding the Annexation, and for that reason I propose to set them out in full:—

"The Government of Japan and the Government of Korea, desiring to attain the speedy development of the strength and resources of Korea and to promote the welfare of her people, have with that object in view agreed upon the following stipulations:—

"Article I.—The Government of Korea shall act under the guidance of the Resident-General in respect to reforms in administration.

"Article II.—The Government of Korea engage not to enact any laws, ordinances, or regulations, or to take any important measures of administration, without the previous assent of the Resident-General.

"Article III.—The judicial affairs in Korea shall be set apart from the affairs of ordinary administration.

"Article IV.—The appointment and dismissal of all high officials in Korea shall be made upon the concurrence of the Resident-General.

"Article V.—The Government of Korea shall appoint as Korean officials the Japanese subjects recommended by the Resident-General.

"Article VI.—The Government of Korea shall not engage any foreigner without the concurrence of the Resident-General.

"Article VII.—Article I. of the Protocol between Japan and Korea, signed on the 22nd of August 1905, shall hereafter cease to be binding."

With the negotiation of this treaty Itō's work in Korea was practically completed. He had been continually hampered by the impatience of public opinion in Japan. It seemed to have been expected of him that in Korea he should have completed within a few years a transition with results nearly, if not equally, as successful as those which it took nearly half a century to accomplish in Japan. Not content with inaugurating reforms in vital matters affecting the welfare and prosperity of the State, he paid heed to the minor details of Korean life, thus coming into violent conflict with the conservatism attached to cherished manners and customs. A "Court Barber" was appointed, and the new Emperor compelled to surrender his top-knot. Moreover, on the occasion of his coronation he was attired in the elaborate uniform of a generalissimo; and a foreign band, instead of native instruments, provided the ceremonial music. All officials of any rank were induced to cut their hair in foreign style; while an order went forth that the people were only to wear dark-coloured raiment. Any attempt at reform in this, or indeed in any other aspect of national life closely relating to habit and custom, has obvious disadvantages, and there is no doubt that the sweeping changes introduced by the Japanese, laudable as their ultimate object may have been, tended to increase the enmity between the two peoples. In addition to the impatience displayed by public opinion at home, there were other factors that seriously hindered Itō in his administration. In reality Japan had not at her command a sufficiently large staff of trained and experienced officials to enable her to undertake with thoroughness the work of reform in Korea. Moreover, her good faith suffered by the individual actions of large hordes of adventurous emigrants, who were permitted by the Government to swarm into the country before there was time to inaugurate a satisfactory system for the preservation of law and order. Not only were the Koreans subjected to rough treatment at the hands of the new-comers, but foreign residents, including ladies, were frequently insulted in disgusting fashion, and at

times even assaulted, while the offenders, who were occasionally soldiers, escaped with light punishment. Although, for diplomatic reasons, Itō minimised, he could not altogether blind himself to, the formidable nature of the obstacles that beset his path.

"The population of our own country," he said on one occasion, "shows a very rapid rate of increase, and it is natural that its increment should overflow into Korea. Above all, when the various enterprises in that kingdom reach a stage of development, it is quite evident that we shall witness a very great addition to the number of our people going there, as compared with to-day. But there has been much to censure in the conduct of our nationals hitherto in Korea. The greatest indignities have been put upon the Koreans, and they have been obliged to suffer them with tears in their eyes. It is true that persons guilty of such conduct constitute only a small part of the Japanese in Korea; but now that this Empire has taken upon itself the protectorate of Korea this improper behaviour calls for the utmost correction, especially inasmuch as, since the beginning of the *Meiji* era, many difficulties have been eliminated from the relations of the two countries, and two great wars have taken place, the practical results of which are now for the first time displaying themselves. Yet, because the conduct of our nationals towards the Koreans is not what it ought to be, they (the Koreans) pose abroad as sufferers, and entertain the keenest dislike for us at home, with the very regrettable result that much injury is done to the relations of the two countries. I am persuaded that when our nationals go to Korea hereafter in increasing numbers earnest steps must be taken to check this impropriety. It is needless to say that such of my nationals as are engaged in legitimate enterprises in Korea will be protected, but I propose to take ample measures for dealing with *mauvais sujets*."

# XLIX

## REFORM AND REORGANISATION

NO review of the conditions that existed during the Protectorate would be either just or complete without some description of the tangible reforms inaugurated by the late Prince Itō and continued by his successor in the office of Resident-General, the late Viscount Soné. It cannot be denied that, broadly speaking, the advent of the Japanese worked a wonderful transformation in so far as it led, and within a remarkably short space of time, to the creation of an elaborate administrative machinery fashioned on the lines of all that is best in modern progress. He would indeed be a captious critic who found serious fault with the external signs of Japanese activity in Korea. While, however, we are bound in common fairness to admire the material evidences of their constructive work, we cannot ignore the fact—more especially in view of the knowledge that has come to light concerning their inhuman treatment of the Koreans—that they were animated by a strong underlying motive of sinister intent—the ultimate absorption of the country. Save only in name, Korea was already a colony of Japan. Its real ruler was the Resident-General, appointed direct by the Mikado, to whom he was alone responsible. In place of the deliberative board that had formerly existed, a Cabinet of Ministers was called into existence, but each department of State was supervised by a Japanese Vice-Minister, while one-third of the secretaries and clerks employed were Japanese. In all important centres Japanese Residents with extended powers were stationed. Moreover, to each Provincial Government there were attached a Secretary, a Chief Police Inspector, and three clerks, all of whom were Japanese. The functions of the Secretary were defined "as having charge of all matters relating to local administration, charity, religion, ceremonies, public works, education, foreigners, and the encouragement

of industry," while the Chief Police Inspector, apart from the ordinary duties of his office, controlled all "matters relating to sanitation, census, and emigration." The Chief of the Bureau of Police Affairs, the Inspector-General of the Metropolitan Police Board, and the Chief of the Customs Bureau were also Japanese.

The Emperor remained a puppet in the hands of the Resident-General, who nominated Japanese officials to important positions at Court. Whatever may be thought of Itō's administration in other directions, it must be confessed that in his vigorous efforts to reform the Imperial Household he attacked the root of the evil that afflicted Korea. In describing the state of affairs existing in the country before the Japanese assumed control, a report issued by the Resident-General declared that: "Administrative officials were appointed through the Minister of the Imperial Household, offices were often sold by him, or by influential officials in the Imperial Household, without reference to the Minister of State concerned, and not only were taxes collected by officials despatched from the Imperial Household, but also the sphere of national finance was in other ways frequently invaded by them. This confusion produced innumerable evils and abuses in the Imperial Household. Many thousands of incapable officials were appointed and many superfluous offices created, some of the latter keeping separate accounts and collecting revenue and paying expenses independently. Sales of offices, bribes, and confiscations of private property were quite prevalent among influential officials in the Imperial Household. Further, although theoretically the Minister of the Imperial Household controlled all officials under him and alone had competence to address the throne and obtain imperial sanction, yet many officials, favourites of the Emperor, independently and freely approached the sovereign and irresponsibly gave counsel to his Majesty. The imperial palace was moreover frequented by diviners, fortune-tellers and other persons, men and women of obscure origin and questionable character, their sole object being to cheat and extract money from the imperial purse, in co-operation with native and foreign schemers. Political

as well as personal dissensions occasioned plots and counter-plots even within the palace itself." Itō insisted upon the functions of the Court being separated from those of the executive, and the officials connected with the Imperial Household, numbering several thousands, were reduced by fully two-thirds.

The judiciary was separated from the executive, while Japanese were appointed to the following offices in Korean Courts :—

1. A chief justice, a chief procurator, two judges and five clerks in the Court of Cassation.

2. A chief justice, two judges, a chief procurator, an assistant procurator, and five clerks in each of the three Courts of Appeal.

3. In the eight Local Courts, the chief justices, the senior procurators, thirty-two judges and eighty clerks.

4. A judge and a clerk in each District Court.

Formerly robbery and other minor offences were punishable by death. Execution was by hanging, but so cruelly was it conducted that the unhappy victims were subjected to a process of slow strangulation, frequently retaining consciousness for half-an-hour or more. Women convicted of major crimes were killed by slow poisons which caused indescribable agony. Not infrequently accused persons were flogged to death. Rich or influential individuals found no difficulty in making use of the gaols for the purpose of getting rid of their personal or political enemies. And the gaols invariably consisted of insanitary shelters with earth floors. Wealthy prisoners were able to pass their time amid circumstances of comparative luxury. For instance, they could enjoy the society of their families in the gaol yard, and were allowed to order their own food and bedding from outside. When poverty-stricken convicts did not die of starvation, they invariably succumbed to the fierce cold of winter or to the epidemics which infested the prisons in the terrible heat of summer. It was not long before the Japanese built modern prisons, thoroughly reformed the conditions of detention, and codified and revised the law of the land. Nearly two thousand Japanese were appointed to the Korean police forces. The policy of the Resident-General in all matters relating to

the judiciary clearly indicated a desire to pave the way for the abolition of extra-territoriality, and an official statement issued on the subject declared that, "in the present circumstances the importance of maintaining consular jurisdiction has greatly diminished, and it is now rather the case that certain inconveniences resulting from its continuance are becoming palpable."

It was in the reorganisation of the finances more than in any other sphere of national administration that Japanese activity achieved conspicuous success. This result was solely due to the untiring and ceaseless efforts of Baron Megata, who, without doubt, is one of the most promising of the present generation of Japanese statesmen. When he entered upon his duties as Adviser to the Korean Government he found that the financial affairs of the country were in a state of muddle. The Court, the Finance Department, and provincial officials, acting independently of each other, extorted contributions from the people at will. Many of the principal sources of revenue were monopolised by the Court and employed for its own exclusive uses. The annual Budget was merely a matter of guess-work, and the figures contained in it had consequently not the slightest relation to the real income and expenditure. The wise control of the customs under Mr. (now Sir) John McLeavy Brown had alone averted national bankruptcy. Baron Megata promptly introduced an honest system of Budget-making and established a Bureau of Audit. Japanese councillors acted as Korean officials in the various branches of State finance. The Imperial Household was deprived of all property that rightly belonged to the State and its income fixed as an annual charge. Enormous sums were saved by retrenchment and reorganisation. Formerly the military forces of the country absorbed about half of the ordinary expenditure under the Budget. The standing army, at first reduced in numbers, was later disbanded altogether. The services of over two hundred superfluous officials in the departments of the Central Government were dispensed with. The currency was reformed and a gold standard adopted. Formerly the country was flooded with counterfeit 5-*sen* nickel pieces. Not only were

a large number of spurious coins smuggled into the country from Japan, but the Government, caring only for the profit to be immediately derived, and regardless of ultimate depreciation, minted enormous quantities of nickels of doubtful value. Although the 1-*sen* copper *cash* was not counterfeited to anything like the same extent as the nickel, size and weight rendered it an inconvenient form of currency. It is related that on one occasion, when the Japanese army bought timber to the value of £1000 in the remote interior, where it was customary to make payments in *cash*, it was found necessary to bring a small steamer, laden with the money required, to the nearest port. Altogether the Finance Department succeeded in withdrawing from circulation three hundred million nickels, and, in consequence of artificial methods introduced for the purpose, the copper *cash* has practically disappeared from the currency. In order to accomplish this reform a Japanese bank—the Daiichi Ginko—was constituted the Government Central Treasury, and as in addition to its notes Japanese coins were recognised as legal tender, the monetary standard of Korea became practically identical with that of Japan, thus facilitating in no small measure the interchange of commerce. Other banks, including institutions for the purpose of financing agricultural and industrial enterprises, were established. Moreover, "note associations" for the convenience of merchants were founded, the regulations providing that the members should insure their credit by mutual guarantees under Government supervision. Promissory notes had long been in existence, but owing to the laxity with which they passed from hand to hand trade had been reduced to a chaotic state. On a piece of paper about an inch broad and five to eight inches long appeared the amount, the date of payment, the names—often only the surnames—and seals of the payer and payee; the document was then torn down its length, one-half being retained by each party. The debtor was obliged to pay the sum, when due, to any one who presented the second half. Consequently, bills issued by responsible persons were regarded as part of the currency, and being free from legal restrictions were used as a favourite medium for transacting business. Not infrequently

large sums up to ten thousand dollars were negotiated in this simple way. Occasionally, however, disturbing influences on the market would lead to the sudden presentation of the notes in large numbers, with the result that there were insufficient funds in hand to meet them, and widespread distress was caused. Owing to the timely foresight displayed by Baron Megata in organising "note associations" these financial collapses were rendered no longer possible. Moreover, the system whereby local magistrates lent on security, to farmers and traders, the money collected from the people in the form of taxes, was abolished. Instead, "warehousing companies" under Government supervision were established. It was the business of these concerns to finance farmers at reasonable rates on the security of grain, thus not only promoting the welfare of agriculture, but easing the money market generally and facilitating the circulation of the new currency.

Important developments were undertaken in all directions necessary to stimulate the growth of trade. At Fusan and Chemulpo enormous areas of land were reclaimed from the sea, and, according to an official report, when all the improvements in progress were completed, the harbours at these ports, having land and water communications, would undoubtedly be among the best in the Orient. Facilities were provided at Fusan for the accommodation of large ocean-going steamers.

It may be of interest to mention that confident hopes are entertained that the port of Chongjin, on the north-east coast, will ultimately rival Vladivostock. It is said to possess a magnificent harbour almost land-locked and containing a large area of deep water. The light railway which at present connects this port with the frontier town of Hoiryong is to be reconstructed, and when, as at present contemplated, the Kirin-Changchun line is extended southwards to Hoiryong, the Korean and Manchurian railways will be linked up. Chongjin will then provide yet another terminus to the vast railway system which stretches from east to west. Moreover, it is proposed to construct a line south from Chongjin to Hamheung, from whence it will proceed west to Pingyang, where it will

link up with the main north to south route. From this railway there is to be a connection near the east coast with Gensan in order to provide a link with the Seoul-Gensan line which is already under construction.

During the period of the Protectorate Japan expended nearly nine millions sterling in connection with 641 miles of railway in Korea. The journey over the main trunk system, from Wiju on the Yalu River to Fusan, *via* the capital, a distance of some 600 miles, is accomplished by a day and a night express in twenty-six hours. Communication between Fusan and Shimonoseki is maintained by three fast and commodious steamers. When the reconstruction of the Antung-Mukden line and the bridging of the Yalu River are completed, through trains will run from the northern terminus of the South Manchurian Railway to Fusan—a port which should then attract an international trade of considerable magnitude. At present letters from the United Kingdom can be sent to and from Korea, *via* the Siberian Railway, within eighteen days.

The interior of the country was gradually rendered accessible for traffic by the provision of main highways. During the war the Japanese army constructed trunk roads from Seoul to Wiju and Wonsan. Subsequently other roads were made for the purpose of connecting the principal open ports with the railway centres and agricultural districts. At the same time these were planned strictly with a view to possible requirements of a strategical nature. Furthermore, under the Japanese régime postal facilities were modernised to such an extent as nearly to treble the amount of business transacted; the mileage of telegraph lines was doubled; and a proper telephonic system was organised, the result being an increase in the number of subscribers from fifty to nearly three thousand.

Various Government undertakings were founded. In order to meet the demand for materials required in the construction of handsome public buildings and to encourage the erection of substantial dwellings in place of the existing hovels, brick manufacturing on a large scale was started. The Finance Department established a Printing Bureau, the most notable feature of which was the

employment it found for a number of Korean girls, whose activities, in common with those of the rest of their sex, had hitherto been rigidly restricted to domestic duties. Furthermore, the authorities assumed control of the mines at Pingyang, where, according to an official report, beds of anthracite coal are extensive, the veins being about thirty-two miles in length and seven and a half miles in width. The exploitation of the rich forests along the Yalu and the Tumen Rivers was undertaken as a joint enterprise by the Japanese and Korean Governments, each contributing one-half of a total capital of 1,200,000 *yen*.

Measures were also taken to encourage agriculture and industry. Owing mainly to the indiscriminate felling of trees in the past, the mountain ranges, which cover more than one-half of the country, had been rendered bare. Consequently there was a scarcity of fuel and building materials, while agriculture was hampered by excessive floods in rainy seasons, and severe droughts at other times of the year. The Japanese established model forests and a forest school, and over twenty million trees imported from Japan were planted. Thus not only was the political absorption of Korea in steady process of accomplishment, but it appeared that the scenery also was being changed so as to resemble that of the suzerain country! At Suwon, twenty-five miles from Seoul, an agricultural and industrial model farm was established, where experiments in the cultivation of rice, barley, sugar-beet, cotton, sericulture, and the raising of live stock, yielded highly satisfactory results.

The health of the population also received attention. A large and well-equipped hospital was established at Seoul under the control of the Home Department. The staff consisted both of Japanese and Korean doctors, and free treatment was extended to poor patients. In order to supervise all matters relating to health, Japanese physicians were attached to police centres. In the large cities waterworks were constructed, and the various departments of municipal activity reorganised and rendered efficient.

# L

## PAVING THE WAY TO ANNEXATION

IT may be urged by those disposed to be friendly towards Japan that no further evidence of her disinterestedness were needed than the foregoing review of reforms undertaken in Korea. Altogether she spent in various directions a sum approximating £15,000,000, while the maintenance of the Residency-General, together with her grants and subsidies to sundry enterprises, remained an annual charge upon the Imperial exchequer. The material advantages she gained in return, however, more than outweighed any trouble or cost to which she had been put on behalf of Korea. To begin with, her Protectorate over the country contributed in no small measure to her own national safety, and furthermore gave her a firm foothold on the Continent of Asia. Her efforts were largely concentrated upon strategical requirements; all roads and railways led, as it were, to the Yalu and Tumen Rivers. Moreover, she began fortifying Yong-heung (Lazarieff Bay) on the north-east coast—a convenient base for operations against Vladivostock—and Chinghai Bay, where Masampho is situated, on the south coast. The latter bay has historic associations inasmuch as it was the rendezvous of Admiral Tōgō with the Combined Fleet when awaiting the coming of the Baltic Fleet under Admiral Rojestvensky. Its strategical importance cannot be over-estimated, for in conjunction with the possession of the island of Tsushima, and Sasebo, the great naval base on the north-west coast of Kyū-shū, it gives to Japan the command of the Korean Straits. Controlling as she does all the communications on land and sea, Japan would thus be able, should necessity arise, to despatch troops through the peninsula into Southern Manchuria. With proper

acceleration the units of a large expeditionary force could cross the frontier within thirty-six hours of their departure from Japan, and the numbers of this force would doubtless be swelled by the not inconsiderable garrison always maintained in Korea.

Apart from the undoubted strategical advantages which the protectorate over Korea gave to Japan, the possibilities of economic development were unbounded. The table on the next page clearly indicates the predominance of the Japanese in the rapidly expanding import and export trade of recent years.

Careful investigation had shown that the resources of the country were enormous. An official report published at the time declared that "Korea abounds in mineral products, and the future of the mining industry is very hopeful. The most important, gold and placer gold mining, produces over 10,000,000 *kwan*, valued at £400,000 per year. The output of copper, iron, and coal is also large." In the neighbouring seas there is a plentiful supply of valuable fish, including whales, sharks, flounder, perch, sardines, lobster, &c. The total annual "catch" exceeds in value £400,000. On the south coast no fewer than 10,000 Japanese fishermen find employment, the aggregate of their annual income being estimated at £150,000. The soil and climate of the country are peculiarly adapted to the production of staple articles of a kind that are in great demand throughout the Far East. With the object of introducing an improved system of planting, an "Association for the Cultivation of Cotton" was started, the Government granting a subsidy of £10,000. Experiments with American upland seeds produced remarkably successful results, and seeds from the plants are now being distributed among planters at large. It is confidently expected that within a few years many thousand acres will be brought under cultivation, and that ultimately Japan will be able to obtain large supplies of cotton from Korea, thus diminishing the quantity of this raw material which she at present imports from the United States and India. When that day arrives she will be in a position to undersell all foreign cotton goods in the vast markets of the Far East, and it is therefore only a matter of time when Great Britain, in

| Countries. | 1906. | | 1907. | | 1908. | | 1909. | | 1910. | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Exports. | Imports. | Exports. | Imports. | Exports. | Imports. | Exports. | Imports. | Exports. | Imports. |
| | *Yen.* | *Yen.* | *Yen.* | *Yen.* | *Yen.* | *Yen.* | *Yen.* | *Yen.* | *Yen.* | *Yen.* |
| Japan . . . | 7,235,056 | 23,257,122 | 12,961,047 | 28,440,458 | 10,963,353 | 24,040,465 | 12,081,738 | 21,852,245 | { 8,591,835<br>6,786,808[1] | 17,450,330<br>7,897,755[1] |
| China . . . | 1,000,657 | 4,394,219 | 3,219,952 | 5,641,076 | 2,247,458 | 4,882,246 | 3,203,461 | 4,473,209 | 3,025,836 | 3,845,274 |
| Asiatic Russia . | 650,828 | 55,512 | 787,342 | 67,382 | 772,772 | 45,234 | 784,528 | 44,404 | 1,155,357 | 17,970 |
| Great Britain . | 14,703 | 33,059 | 10,843 | 3,096,286 | 5,746 | 6,781,715 | 50,126 | 6,478,224 | 24,719 | 6,226,524 |
| France . . | ... | ... | ... | 9,224 | 500 | 114,167 | 6,110 | 75,541 | 156 | 96,309 |
| Germany . . | ... | 2,072 | ... | 22,266 | 6,581 | 395,331 | 36,505 | 512,678 | 12,972 | 488,281 |
| Belgium . . | ... | 5,036 | ... | 18,115 | 2,170 | 66,088 | 25 | 146,126 | ... | 120,976 |
| United States of America . | 225 | 2,557,502 | 2,177 | 2,942,733 | 45,106 | 4,194,529 | 68,978 | 2,396,975 | 304,867 | 3,204,668 |
| Other Countries . | 1,040 | ... | 2,575 | 1,373,990 | 69,624 | 505,748 | 17,417 | 669,368 | 11,293 | 434,939 |
| Total . . | 8,902,509 | 30,304,522 | 16,983,936 | 41,611,530 | 14,113,310 | 41,025,523 | 16,248,888 | 36,648,778 | 19,913,843 | 39,782,756 |

[1] Represents the amount of trade between Korea and Japan Proper in September and subsequent months of 1910.

*Yen* = 2*s.* 0*d.* 582.

common with other Western nations, will find her trade seriously assailed by a form of competition which it will be impossible to overcome. Experiments have proved that the yield of rice from Japanese seeds is greater than that derived from Korean seeds. As Japan is not wholly self-supporting in this staple food, there is every prospect that the deficiency can be amply made up with supplies imported from Korea. When it is added that the soil and climate are also suitable to the production of sugar-beet, and that conditions favour sericulture, it will be realised that a rich reward awaits Japan for her enterprise. So soon as the Protectorate was established there was abundant evidence of Japan's determination to lose no time in exploiting the country from end to end. Originally it was proposed to grant a concession of all the waste lands, including mineral rights, to a Japanese subject. According to one authority this project meant that two-thirds of the whole peninsula would pass into the possession of the Japanese. Immediately there was a storm of opposition among foreigners as well as Koreans, and in consequence the Government abandoned the scheme. Some time afterwards the "Oriental Colonisation Company" was called into existence. Its chief promoter was Prince Katsura, then out of office, but who shortly afterwards reassumed the exalted position of Prime Minister of Japan. Returning from an extensive visit to the Protectorate, he made a statement to the effect that "broadly speaking, the main purpose in view was to render productive the very large area of land now lying idle in Korea, to work mines, and to exploit marine products. Investigations hitherto carried on showed that there was ample room for an increase of Korea's population by 33 per cent., and no apparent reason existed why the greater part of this increment should not consist of Japanese subjects."

The constitution of the Company provided that the capital should be £1,000,000, and that no shares should be held by any nationals other than Japanese and Koreans. In return for the transfer of large areas of "paddies" and dry fields the Korean Government were to receive shares to the value of £300,000. Furthermore, it was stipulated that the Board of Directors should consist of a President

(Japanese), two Vice-Presidents (one Korean), and not less than four directors and three auditors, and that at least two-thirds or more of the directors must be Japanese. Of the principal officials the Japanese Government nominated the President and a Vice-President, while the Korean Government, which of course always acted under the pressure of the Residency-General, nominated the remaining Vice-President. In the absence of the President the Japanese Vice-President assumed the direction of affairs. It will be seen that every possible measure was taken to secure Japanese control, and that Korean interests were little more than nominal. The constitution of the Company further provided that its "operations shall comprise (1) agriculture; (2) sale, purchase, and renting of lands necessary for purposes of development; (3) exploitation and control of land necessary for purposes of development; (4) construction, sale, purchase, and renting of buildings necessary for purposes of development; (5) collection and distribution of Japanese and Korean settlers necessary for purposes of development; (6) supplying to settlers and farmers in Korea articles necessary for purposes of development and distribution of articles produced or acquired by them; (7) and supply of funds necessary for purposes of development. In addition, as secondary operations, the Company may engage in fishing and other enterprises necessary for the development of the national resources. . . . The Company is authorised to issue debentures up to ten times the paid-up capital, which should be redeemed within thirty years after a period of time not exceeding five years during which no repayment shall take place. . . . For eight years from its establishment the Company will receive an annual subsidy of not more than £30,000 from the Imperial Government of Japan, so that the dividend may be declared at the minimum rate of 8 per cent. per annum. The subsidy is to be repaid by the Company whenever it shall have netted a profit leaving a margin, after paying an annual dividend of 10 per cent. on the paid-up capital, the amount to be repaid being the balances of the profit after deducing the percentages for the various funds specified and a sum corresponding to a 10 per cent. dividend."

The aims and objects of the Oriental Colonisation Company were similar to those of the South Manchuria Railway Company. In short the methods of commercial exploitation and colonial development pursued by Japan in Korea bore a close resemblance to those which guided her administration in Manchuria. These methods might, perhaps, be summed up in the phrase, "conquest by Joint-stock Company." In Korea, as elsewhere, Japan professed strict adherence to the principle of the Open Door. As evidence of her sincerity it was pointed out that, at the instigation of the Resident-General, the laws had been remodelled so as to permit of the granting of mining concessions to foreigners, and of the ownership, under certain conditions, of real estate by foreigners. It should be added that an extension of alien rights was rendered imperative in order to legalise exploitation by the Japanese, and that any discrimination in their favour would have constituted a flagrant breach of the principle of equal opportunities. The advantages of political predominance no less than of geographical proximity were in themselves sufficient to render the commercial position of Japan in Korea unassailable. Not only had she lent the Government large sums of money at an exceptionally high rate of interest—part of the proceeds of loans obtained at low rates of interest in England—but her banks were the principal financial mediums for the transaction of the ordinary business of the community. Moreover, it was patent that foreigners could not seriously compete against subsidised enterprises, notably the Oriental Colonisation Company, the status of which was frankly semi-official.

In many other directions, apart altogether from commercial development and Governmental reform, the Japanese pursued a calculating and selfish policy quite opposed to that which has characterised the British régime in India and Egypt. It seemed indeed as though they were deliberately intent upon the suppression of national sentiment. Although from the point of view of economy the disbandment of the army was desirable, its effect upon the patriotism of the masses was anything but stimulating, inasmuch as it suddenly deprived them of the only means, and therefore of the only evidences, of home defence.

The Japanese held the ignorant and unruly opposition of the natives in check by means of the sword; and all their preparations in the way of reform pointed to their fixed determination not to be hampered in the future by the creation of an enlightened class. Popular education, though free, was not made compulsory, while the course of study lasted only four years compared with eight in Japan. To-day barely 16,000 children are attending the common schools maintained by the Government. In all educational establishments under official control the study of the Japanese language is obligatory. For the most part, however, the native youth is dependent, as in former times, upon the instruction of the village litterateur, whose lessons do not go beyond reading and writing in Chinese characters. Industrial and technical training has only been introduced on a comparatively small scale. It is, of course, in the interests of Japanese capital that the quality of Korean labour should to some extent be improved, for it is cheaper than either Chinese or Japanese labour. The total native population is little more than twelve millions. On the other hand, the population of Japan is increasing by upwards of half a million annually, and it is hoped that a large proportion of this increment will be attracted to Korea.

Some two years ago the writer summed up the situation, as it then existed in Korea, in the following passages: "Any money the Japanese are expending in Korea at present is merely by way of laying the foundations of a future colony. The Koreans are becoming the servants of the Japanese, whose real aim is ultimate absorption of the race rather than genuine amelioration of their lot. Already there are visible signs that the whole aspect of the country is in process of rapid change. At Fusan, Chemulpo, and other important places, the best sites are occupied by large Japanese settlements, provided with wide streets and imposing buildings and governed by municipal administration conducted upon the lines of modern efficiency. The Koreans are practically segregated in mean towns, consisting of a collection of alleys lined with squalid hovels. Any improvement in the general conditions of the country has of necessity primarily profited the Japanese. It has,

of course, not been without its beneficial effect upon the Koreans, but one cannot escape the reflection that this beneficial effect was chiefly incidental to, rather than the direct aim of, the development of Japanese policy. In influential quarters in Tōkyō there has been an agitation for a tariff union with Korea, and in replying the Residency-General gave as the only reason against an arrangement of this kind, the lack of an immediate source of revenue to take the place of the resultant loss of Customs receipts. Then a large section of public opinion in Japan favours what in the press is termed 'federation with our neighbour,' a phrase which plainly rendered means 'annexation.'

"Korea has already passed from the ranks of independent nations, and it is clearly only a matter of time before she and her people will be gathered within the none too tender embrace of the Japanese Empire. But this end will not be accomplished without still further bloodshed. Proofs are forthcoming that the murderer of Prince Itō belonged to an 'Assassination League,' the members of which are pledged to kill Japanese officials of prominence. But the fanaticism of the few will only bind more closely the chains that enslave the hapless many. So long as native tyrants ruled over the land the people were content, and, in a negative sense, even happy, in their serfdom. But now, face to face with the stern penalty which inexorable fate metes out to decadent races—loss of national freedom—they are stricken with sorrow and despair. Korea has been rudely awakened from her slumber, awakened to find herself disarmed and captive, a conqueror with unsheathed sword standing over her."

# LI

## THE LAST PHASE

AT the beginning of the year, 1910, it became evident that Japan had decided upon an early annexation of Korea. The press was subjected to a rigorous censorship, the police administration transferred to Japanese control, and the gendarmerie and military garrison considerably strengthened. According to one reliable estimate no fewer than ten thousand gendarmes were distributed over the country. Suspected Koreans were detained, either in Korea or Japan, so as to ensure that there should be no repetition of the agitation conducted abroad when the Protectorate was established. A pious attempt, characteristic of the Japanese, was made to convince the world that the Koreans themselves were not only willing but anxious to see their country merged in the Japanese Empire. The Tōkyō newspapers reported meetings of the natives at which were passed resolutions favouring annexation. Doubtless if these meetings ever took place they were organised by the Japanese themselves, whose policy it has always been, by means of the distribution of bribes and favours, to induce a section of the Korean people to simulate support of their régime, thus finding basis for the boast that its advent was welcomed by the masses. In a land where tyranny, poverty, and ignorance had long held sway it was not difficult to undermine the patriotism of the few for the purpose of misrepresenting the sentiment of the many. In view of the general situation in Korea, the appointment of Viscount Terauchi, then War Minister of Japan, to succeed the late Viscount Soné as Resident-General was of unmistakable significance. An official statement issued during the final act of annexation admitted that Japan had decided as early as July, 1909, to seize the first favourable opportunity of

including Korea within her dominions. It has been abundantly demonstrated in preceding chapters that the whole policy of Japan, from the moment when the Protectorate came into existence, was directed towards a single purpose—the rapid extinction of Korea as a nation. However Japan may protest that her underlying motive was an honourable desire to reform Korea, the measures she adopted appear to impartial observers as deliberately provocative, if not positively tyrannical.

Little is known of the actual circumstances under which the treaty of annexation was concluded. So soon as General Terauchi arrived on the shores of Korea a veil of secrecy was drawn closely over Japan's proceedings. According to one account he tactfully surprised the Korean Premier, during an official visit paid by that personage to the Residency-General for the object of expressing the national sympathy with Japan on the occasion of disastrous floods in that country, by abruptly presenting a draft of the treaty of annexation. But the official statement would have us believe that "His Korean Majesty, in full appreciation of the general situation, and recognising that the annexation of Korea to Japan would contribute to the promotion of welfare and interest common to both countries, gave prompt approval of the treaty in draft."

The historic document which dismissed Korea from the ranks of nations was signed on August 23rd. The Emperor thereupon issued his last edict to the people. In this curious pronouncement he declared that "The canker of centuries has eaten up the pith and marrow of the nation; our continued effort has borne no appreciable results, which fact has driven us to desperation.

"Were matters to be left alone in this state, the dissolution of the Empire would soon be so complete as to make it impossible to recollect it. It would be a wiser alternative at the present extremity to entrust in the custody of firmer and more capable hands than our own the destiny of the nation together with the welfare of its people, so that the object we have in view may be accomplished more completely and surely.

"We have clung to this only hope, and impelled by

courage born of conviction We have hereby handed over to H.I.M. the Emperor of Japan, who has been Our most trusted and respected Neighbour Sovereign, the authority of government over this Empire with the sole object of perpetuating the Peace of the Far East, and of ensuring the well-being of the people.

"We hereby exhort you, the people of all classes, to realise the stern decree of the present situation, to follow your own avocations quietly and without needless perturbation, and to enjoy the blessings accruing from the benevolent rule under the Imperial Government of Japan.

"This step has been taken, not because We have forgotten you, the people, but because We wish to save you. That you, the people, shall fully appreciate the motive which has prompted Us is Our sincere desire."

A pathetic announcement made about the same time placed on record that the Emperor of Korea had decorated Viscount Terauchi with the Grand Order of Merit, and Mr. Yamagata, Vice-Resident-General, with the Grand Cordon of the Sacred Star. Nothing is known, or indeed is ever likely to be known, as to how the nation received the news of its betrayal. The only manifestation of disapprobation recorded was that summed up in a brief telegram to the Japanese papers: "A crowd has been weeping loudly on a bluff outside the eastern gates of Seoul." That the authorities had anticipated active opposition was proved by the circumstance that they took the precaution to flood the country with soldiers and gendarmes. If, as alleged by them, the annexation was peacefully accepted by the Korean people, then it is difficult to account for the rigorous censorship exercised over the press and maintained long after the memorable treaty was concluded.

Viscount Terauchi, subsequently rewarded with the title of Count for the part he had taken in the annexation, became the first Governor-General, and his régime, described by a resident correspondent in Seoul as recently as January of this year, inaugurated a military autocracy. "It simply means," added the writer, "that an autocracy has been established, and that the autocrat is a soldier. He can run counter, if it pleases him, to his Cabinet and every official

in the Peninsular. His decision is final. He has but one master—the Emperor of Japan. Such authority to be given to one man is exceedingly dangerous. It is also unfair. It is unfair to the Koreans; it is unfair to the Japanese here; it is unfair to the foreigner who is in business in Korea; it is unfair to those who invest money in Korea; and, above all, it is unfair to the Governor-General himself. It makes him an autocrat, and perhaps—maybe—a temporary tyrant." The Japanese themselves in certain instances were frank enough to criticise the new régime. For example, a member of the Diet who toured from end to end of Korea declared that the policy of his country could be summed up in the words "military despotism," while the *Tōkyō Asahi*, a journal of standing, declared that the authorities rigorously suppressed the publication of all comment on the Korean administration except such as was flattering to the Government-General. In this connection it is instructive to refer to the benevolent decrees issued by the Japanese Government at the time of the annexation. An amnesty was granted to criminals guilty of high treason and to ex-officials undergoing sentences for corrupt practices, taxes in arrear remitted, and a reduction in the land-tax allowed. In a proclamation the Governor-General declared that "Under the command of my Imperial master I have no other desire than that of increasing the welfare and the happiness of the people placed under my administration." And he forthwith proceeded to promise the introduction of many reforms, social as well as economic. In another manifesto he could not help admitting that "Hitherto Japanese settlers in Chōsen (Korea) would seem to have considered themselves to be living in a foreign land, and to have often fallen into the mistake of holding themselves as superiors at the expense of the people of the country. . . . Let them take this opportunity to change their ideas and attitude." At a later date he admonished Japanese journalists for using expressions of contempt towards the Korean nation, and added that the Japanese residents in Korea seemed sometimes to feel as if they were living in the country of an enemy. These expressions coming from so high an authority are interesting because, in a measure,

they substantiate the criticisms which in former days impartial observers felt compelled to pass upon the attitude of the Japanese towards the Koreans, and because they are in the nature of an official recognition that such criticisms were justified. Whether or not the benevolent policy outlined by General Terauchi has been carried out cannot be satisfactorily ascertained so long as the Japanese persist in maintaining a censorship over the press. Occasionally items of news leak out, serving to show that the hapless Koreans are still the victims of oppression. The following extract from an article written by the Seoul correspondent of the *North China Daily News*, and published on January 27th of this year, shows that there is still considerable room for improvement in Japanese behaviour: "Whilst on the subject of land, it is a crying scandal that the Government-General does not step in and stop the Japanese in this country from filching land from the Koreans in the manner that they do. The *modus operandi* is simple. A Korean farmer owning several rice-fields and other arable land finds that the season turns out to be a bad one, and consequently is in need of money to help him out of the immediate difficulty. Somehow or other there is always a Japanese on hand who can arrange affairs, and very shortly the necessary money is loaned at a high interest on the security of his land. So far, so good. Soon the appointed time arrives when the interest is due. Everything is apparently well, as the Korean by this time has the money; so he goes out to find the Japanese to whom it is due. Unfortunately, the Japanese has vanished and cannot be found. The puzzled Korean goes home, thinking his man will come along presently. Then the second instalment falls due, and again the same thing happens. Shortly after, the Japanese appears on the scene, states that the interest has not been paid, points to a clause in the agreement (which the Korean in his ignorance and innocence has not understood) and—forecloses. Protests are useless, for the magistrates and prefects uphold the Japanese, and the Korean loses.

"A friend of mine was travelling from Fusan to Seoul the other day, and in the train, told a Japanese fellow passenger several incidents such as the above that he knew

were true. The Japanese laughed gaily—'What is the stealing of one or two hundred thousand *tsubo?*'—he chuckled. 'Why, the Japanese Government stole the whole of Korea.'"

As far as foreign interests were concerned, the Japanese Government promised to maintain the existing Customs tariff, but they declared that the treaties hitherto concluded by Korea with foreign Powers would cease to be operative, and that Japan's existing treaties would as far as practicable be applied in Korea. In response to representations by Sir Edward Grey, the Japanese furthermore gave an undertaking that British subjects owning land or mines in Korea should not be interfered with, but they added significantly that as regards the capacity of foreigners to acquire landed property and mining rights in Korea, they were unable to bind themselves for all time, but were well disposed to maintain, "at least for the present," existing laws. This vague assurance has naturally given rise to considerable misgivings, and in a debate that took place in the House of Lords both Earl Stanhope and Lord Curzon protested against the action of Great Britain in consenting to the abrogation of treaty rights on such terms. As, in the declaration attached to the treaty of annexation, the Japanese Government explicitly affirmed that all treaties concluded by foreign Powers with Korea ceased to be operative; and as, in the subsequent assurance given to Sir Edward Grey, they recognised that British owners of land or mines in Korea should have a right to hold and dispose of such property without being subjected to the conditions and restrictions provided for in Japanese law—law which is in future to be applicable to Korea as well as to Japan—the question naturally arises, will the assurance be superior to the declaration? The two statements are in direct contradiction, and therefore a great deal will depend upon the spirit in which Japan wields her new power. It is no exaggeration to say that British enterprise discovered the mineral resources of Korea, and British capital has paid for all the pioneer work in the development of the industry. While we may complain at the methods adopted by our ally in absorbing the country, no one can reasonably deny that political considerations of the first importance rendered such a measure

inevitable. At the same time Japan will do well to bear in mind that the world is watching with close attention her continental adventure, and that if she is to secure the sanction of civilisation in her great task it is essential that she have due regard, as far as the natives are concerned, to the dictates of humanity, and as far as foreigners are concerned, to the just rights of vested interests. Unfortunately, some of the comments that have recently appeared in the Tōkyō press are not altogether reassuring. The following extract, taken from *The Japan Times*, a semi-official journal, is characterised by deplorable hypocrisy: "It is especially desirable," said this organ of public opinion, "that all Koreans, who are now our fellow-countrymen, bear this point well in mind. Is it more in accord with their sense of dignity to remain forever people of a protected nation, apt to be looked down upon as vassals of another country? Must it not rather be a source of satisfaction to them that they can now go forth to the world with heads upright as proud subjects of a sovereign who in his lifetime has done more to advance the civilisation of his country and to elevate the position of his people than any other monarch dead or living on the face of the earth? There is nothing to be so pitied in manhood as hankering after empty names and false pride. It sounds well to say 'I die for my king and the country.' But that should depend upon who the king is. For even robbers have said 'We die for our chief.'"

The Korean people will not appreciate the boasting attitude of the Japanese as represented by one of their semi-official journals. Nor is it to be expected that they can otherwise than bitterly resent the vulgar sneer at the last representatives of a departed dynasty, coming as it does from a people who themselves profess loyalty as a religion, and whose monarch gave as a sacred promise to the rulers of a death-ridden nation that he would see accorded to them appropriate honours and treatment as Princes of the Blood!

Korea has suffered the only penalty that can await a decadent nation. Korea, the Land of the Morning Calm, has become Chōsen, an integral part of Japan, the Empire of the Rising Sun. But Japan has yet to prove her fitness

for the task she has undertaken. It is idle for her, while pretending that the Koreans are her brothers, and emphasising the similarity of language and custom, to treat them as though they were a conquered race. So far the record of Japan in the Peninsula is one that her best friends would like to see effaced. It began with the brutal murder of the Queen. Next came the establishment of the Protectorate as a consequence of the intimidation of the Emperor at the bayonet point; to be followed by his forced abdication and the placing upon the throne of his witless son. And now the last act of all has been accomplished—Korea is no more!

# APPENDIX

## THE TEXT OF THE TREATY OF ANNEXATION

His Majesty the Emperor of Japan and His Majesty the Emperor of Korea, having in view the special and close relations between their respective countries, desiring to promote the common weal of the two nations, and to assure permanent peace in the Extreme East, and being convinced that these objects can be best attained by the annexation of Korea to the Empire of Japan, have resolved to conclude a Treaty of such annexation, and have for that purpose appointed as their Plenipotentiaries, that is to say:

His Majesty the Emperor of Japan, Viscount Masakata Terauch His Resident-General,

And His Majesty the Emperor of Korea, Ye Wan Yong, His Minister President of State,

Who, upon mutual conference and deliberation, have agreed to the following articles:—

ARTICLE I.—His Majesty the Emperor of Korea makes complete and permanent cession to His Majesty the Emperor of Japan of all rights of sovereignty over the whole of Korea.

ARTICLE II.—His Majesty the Emperor of Japan accepts the cession mentioned in the preceding Article, and consents to the complete annexation of Korea to the Empire of Japan.

ARTICLE III.—His Majesty the Emperor of Japan will accord to their Majesties the Emperor and ex-Emperor and His Imperial Highness the Crown Prince of Korea and their consorts and heirs such titles, dignities and honours as are appropriate to their respective ranks, and sufficient annual grants will be made for the maintenance of such titles, dignities and honours.

ARTICLE IV.—His Majesty the Emperor of Japan will also accord appropriate honours and treatment to the members of the Imperial House of Korea and their heirs, other than those mentioned in the preceding Article, and the funds necessary for the maintenance of such honours and treatment will be granted.

ARTICLE V.—His Majesty the Emperor of Japan will confer peerages and monetary grants upon those Koreans who, on account

of meritorious services, are regarded as deserving such special recognition.

ARTICLE VI.—In consequence of the aforesaid annexation, the Government of Japan assume the entire government and administration of Korea, and undertake to afford full protection for the persons and property of Koreans obeying the laws there in force, and to promote the welfare of all such Koreans.

ARTICLE VII.—The Government of Japan will, so far as circumstances permit, employ in the public service of Japan in Korea those Koreans who accept the new *régime* loyally and in good faith, and who are duly qualified for such service.

ARTICLE VIII.—This Treaty, having been approved by His Majesty the Emperor of Japan and His Majesty the Emperor of Korea, shall take effect from the date of its promulgation.

In faith whereof, the respective Plenipotentiaries have signed this Treaty, and have affixed thereto their seals.

Viscount MASAKATA TERAUCHI,
Resident-General,
The 22nd day of the 8th month
of the 43rd year of Meiji.

YE WAN YONG,
Minister President of State.
The 22nd day of the 8th month
of the 4th year of Nung-hui.

## [DECLARATION]

Notwithstanding the earnest and laborious work of reforms in the administration of Korea in which the Governments of Japan and Korea have been engaged for more than four years since the conclusion of the Agreement of 1905, the existing system of government in that country has not proved entirely equal to the duty of preserving public order and tranquillity, and in addition a spirit of suspicion and misgiving dominates the whole peninsular. In order to maintain peace and stability in Korea, to promote the prosperity and welfare of the Koreans, and at the same time to insure the safety and repose of foreign residents, it has been made abundantly clear that fundamental changes in the actual *régime* of government are absolutely essential. The Governments of Japan and Korea being convinced of the urgent necessity of introducing reforms corresponding with the

requirements of the situation and of furnishing sufficient guarantees for the future, have, with the approval of His Majesty the Emperor of Japan and His Majesty the Emperor of Korea, concluded through their respective Plenipotentiaries a Treaty providing for the complete annexation of Korea to the Empire of Japan by virtue of that important act which shall take effect on its promulgation. The Imperial Government of Japan undertakes the entire government and administration of Korea, and it hereby declares that matters relating to foreigners and foreign trade in Korea shall be conducted in accordance with the following rules :—

I. The treaties hitherto concluded by Korea with foreign Powers ceasing to be operative, Japan's existing treaties will, so far as practicable, be applied in Korea. Foreigners resident in Korea will, as far as conditions permit, enjoy the same rights and immunities as in Japan proper and the protection of legally acquired rights, subject in all cases to the jurisdiction of Japan.

The Imperial Government of Japan is ready to consent that the jurisdiction in respect of cases actually pending in any Foreign Consular Court in Korea at the time the Treaty of Annexation takes effect, shall remain in such Court until final decision.

II. Independently of any conventional engagements formerly existing on the subject, the Imperial Government of Japan will for the period of ten years levy upon goods imported into Korea from foreign countries or exported from Korea to foreign countries, and upon foreign vessels entering any of the open ports of Korea, the same import or export duties and the same tonnage dues as under the existing schedules; the same import or export duties and tonnage dues as those to be levied upon aforesaid goods and vessels will also for a period of ten years be applied in respect of goods imported into Korea from Japan, or exported from Korea to Japan, and Japanese vessels entering any of the open ports of Korea.

III. The Imperial Government of Japan will also permit for a period of ten years vessels under the flag of Powers having treaties with Japan to engage in the coasting trade between the open ports of Korea and between those ports and any open ports of Japan.

IV. The existing open ports of Korea, with the exception of Masampo, will be continued as open ports, and in addition Shin Wiju will be newly opened, so that vessels, foreign as well as Japanese, will there be admitted and goods may be imported into and exported from those ports.

## RESIDENT-GENERAL'S PROCLAMATION

Resident-General Viscount Terauchi issued on August 29 a general proclamation addressed to the people of Chōsen (Land of Morning Calm), and couched in the following terms:—

"I, Resident-General Viscount Terauchi, appointed by the Imperial command of H.M. the Emperor of Japan to take control of affairs of Chōsen, hereby proclaim the principles of administration, that they may be known by all the people:

"I.—H.M. the Emperor of Japan, in order to safeguard the welfare of Chōsen and maintain the peace of the Far East, has annexed Kankoku (Korea), in compliance with the wish of the ex-Emperor of Korea.

"II.—The ex-Emperor of Korea will be entitled hereafter as H.H. Prince Li of Shotoku Mansion, the Crown Prince as H.H. Heir to Prince Li, and the retired Emperor as H.H. the retired Prince Li of Tokuju Mansion, all of them being accorded honour and treatment due to Princes of the Blood.

"III.—Such enlightened and loyal subjects as have rendered good and faithful service to the new Government will be created peers and granted endowments, and will be enlisted in the service of the Imperial Japanese Government, according to their ability and accomplishments.

"IV.—Members of the dual clans and scholars, and all good sons and wives, will receive bounties.

"All payments in arrear and due to the Government from ex-officials will be cancelled.

"Such prisoners of the State, and fugitives from the law as stand charged with a certain category of crime, may receive amnesty.

"V.—All taxes antedating the fiscal year of the 2nd year of Ryuki, corresponding to the 41st year of Meiji, that is, 1908, and in arrear, together with all arrears in rice dating back three years and upwards, will all be cancelled.

The Land Tax falling due in autumn this year will be reduced by $\frac{1}{5}$.

A sum of Y.7,000,000 will be defrayed for distribution to all counties of the thirteen districts by way of a fund for industrial, educational, and relief purposes.

"VI.—Military troops, gendarmerie, and police forces will be stationed at suitable places, in order to protect the law-abiding subjects from molestation by the disorderly and incorrigible element, and to maintain peace and order.

"Judicial Courts will be established at suitable places in order to

mete out justice to the vicious and the wicked, and to enable the law-abiding subjects to enjoy their life in peace.

"VII.—Chōsen is rich in natural resources such as agricultural, sericultural, cattle-farming, mineral and fishery, which by intelligent exploitation will admit of easy development.

With the development of such resources in view, roads and railways will be constructed, which construction will require employment of labour, and will furnish a means to earn an honest living to a large number of labourers.

"VIII.—Division in opposing factions, which gives rise to endless frictions and disturbances has been the one deep-rooted curse in the history of Chōsen, which is deprecated, and against which the people are warned strongly.

"IX.—In order to facilitate the establishment of good understanding between the governing and the governed, the Central Council of Chōsen will be extended in scope, so that intelligent men of integrity and ripe experience may be made members thereof.

"All administrative districts will have their own Councillors, to be selected for appointment from among good and capable men, so that they may serve as the medium to propagate the true intentions of the governing classes to promote public good."

### Official Statement

The following statement was issued by the Japanese Foreign Office:—The Japanese Government have always made it a guiding principle of their foreign policy to maintain enduring peace in the Orient and to assure repose and security in this Empire. They have naturally viewed with grave concern the situation in Korea which proved to be fruitful sources of difficulty in the Extreme East, involving Japan in serious complications.

In their solicitude to put an end to those disturbing conditions, they made an arrangement in 1905 for establishing Japan's protectorate over Korea, and they have ever since been assiduously engaged in works of reforms, looking forward to the consummation of the desired end. But they have failed to find in the *régime* of a protectorate sufficient hope for the realisation of the object which they had in view, and a condition of unrest and disquietude still prevails throughout the whole Peninsula. In these circumstances, the necessity of introducing fundamental changes in the system of government in Korea has become entirely manifest, and an earnest and careful examination of the Korean problem has convinced the Japanese Government that the *régime* of a protectorate cannot be made to adapt itself to the

actual condition of affairs in Korea, and that the responsibilities devolving upon Japan for the due administration of that country cannot be justly fulfilled without the complete annexation of Korea to this Empire. Consequently the Japanese Government formulated their policy in July of last year for the eventual annexation of Korea, and decided to take measures for carrying out that policy whenever a further development of the situation should be found to call for the execution of such measures.

The unsatisfactory state of things which has since then presented itself in Korea has assumed such gravity that any long postponement of the execution of fundamental reforms would not only threaten public order and tranquillity in the Peninsula, but would possibly lead to untoward consequences. The Japanese Government therefore felt constrained to lend themselves to a final solution of the problem in accordance with their established policy, and Resident-General Viscount Terauchi, in proceeding to his post, was charged with necessary instructions and authorised to arrange for such solution.

Viscount Terauchi, upon his arrival at Seoul, was convinced that the situation in Korea did not permit any further delay in effecting the contemplated annexation, and on the 16th of this month he opened discussion on the subject with the Korean Government, by giving detailed explanation of the views of the Japanese Government. Subsequently several conferences were held for the exchange of views, and in the course of such conferences the Korean Government expressed their concurrence as to the necessity of annexation. Viscount Terauchi having found that the Governments of Japan and Korea were in complete accord regarding the proposed arrangement, telegraphed to the Japanese Government in the evening of the 20th the final draft of the Treaty of Annexation, and requested that it be submitted to His Majesty the Emperor of Japan for approval. His Majesty referred it to the Privy Council, which specially met on the 22nd, and Imperial sanction was then given with the advice of the Council. Accordingly the Japanese Government at once telegraphed to the Resident-General on the same day, authorising him to sign the Treaty. The Korean Government also submitted to His Majesty the Emperor of Korea for approval the Draft of the Treaty on the 22nd, and His Korean Majesty, in full appreciation of the general situation, and recognising that the annexation of Korea to Japan would contribute to the promotion of welfare and interests common to both nations, gave prompt approval of the Treaty in draft. Thereupon the Treaty of Annexation was signed on the afternoon of the 22nd between the Resident-General Viscount Terauchi and Mr. Ye Wan Yong, Minister President of State of Korea.

The Japanese Government then communicated the Treaty to all

the Powers concerned, at the same time declaring the rules to be followed by Japan in dealing with the external affairs of Korea. The Treaty is thus promulgated to-day (August 29), and takes effect from this date.

As pointed out in the Declaration, the treaties concluded by Korea with foreign Powers cease to be binding, and Japan's existing treaties are extended to Korea. Consequently foreigners are allowed to reside and trade in all parts of Korea, and there to enjoy the same rights and privileges as in Japan Proper. At the same time, the right of extra-territoriality which foreigners have hitherto enjoyed in Korea comes definitely to an end from to-day. The Japanese Government believe that they are entirely justified in regarding such right of extra-territoriality as ended upon the termination of Korea's treaties in consequence of the annexation, considering that the continuance of that system would inevitably prove a serious obstacle, and interfere with the unification of the administration of Korea. Moreover, it seems only natural that foreigners, being allowed to enjoy in Korea the same rights and privileges as in Japan Proper, should be called upon to surrender the right of extra-territoriality which is not granted to them in Japan Proper.

Owing to the termination of the treaties concluded by Korea, the conventional tariff hitherto in force in Korea equally ceases to be operative. However, having in view the fact that the annexation is necessitated essentially by considerations of a political character, the Japanese Government are anxious to avert, as far as possible, prejudicial effects upon the economic interests of foreigners in Korea, and are moreover conscious of the advisability of abstaining from measures which may bring about radical changes in the economic relations between Japan and Korea. They have, therefore, decided of their own accord to maintain the customs tariff hitherto enforced in Korea, for a term of ten years, in respect of trade, foreign as well as national.

The foregoing is a brief exposition of the effects consequent upon annexation in domestic and foreign relations. The Japanese Government confidently believe that good order and security will hereafter be satisfactorily maintained in Korea; that in the new order of things now inaugurated, the steady growth of industrial activities and the advancement of material well-being of Koreans will be fully assured, and that the two nations incorporated will for ever enjoy the blessings of general peace and stability.

## RIGHTS OF BRITISH SUBJECTS

A Parliamentary Paper [Cd. 5717] was issued on June 19, 1911, containing correspondence respecting the ownership of land and mines by British subjects in Korea. On December 19 Sir Edward Grey wrote as follows to the Japanese Ambassador in London :—

"With regard to the questions of land tenure and of the ownership and working of mines, in view of the fact that the privileges enjoyed by British subjects in Korea in the past were different from and materially greater than those accorded by the Japanese Government to foreign residents in the neighbouring Empire, it would seem only fair that the former should not be placed in a less favourable position than heretofore in consequence of the annexation. In the circumstances, his Majesty's Government cannot accept as satisfactory a mere assurance that British land or mine owners in Korea will be no worse off than similar persons in Japan, and they attach the greatest importance to obtaining a specific undertaking on the part of the Japanese Government that British subjects in Korea shall not be interfered with either in respect of their property or of the privileges they now enjoy attaching, and as a consequence of, such ownership."

On February 16 last Mr. Kato, Japanese Ambassador in London, wrote to Sir Edward Grey :—

"As regards the desired undertaking that the British subjects owning lands or mines in Korea shall not be interfered with either in respect of their property or of privileges they now enjoy attaching to, and as a consequence of, such ownership, the Imperial Government are firmly decided to abide by their declaration, given at the time of the annexation, assuring protection of the legally-acquired rights of foreigners in Korea. They fully recognise that the British owners of land or mines in Korea shall have a right to hold and dispose of such property without being subjected to the conditions and restrictions provided for in the Japanese law for alien land ownership of April 12th last, or in the law of mining in actual operation in Japan Proper. With regard to the mining rights obtained by British subjects by virtue of special agreements, all the terms of such agreements are confirmed, and all the rights and privileges thereby granted will be duly maintained and respected.

"The Imperial Government are not aware of any privilege, other than those covered by the foregoing assurances, which British subjects actually enjoy as attaching to, and in consequence of, their ownership. If, however, there are any such privileges in contemplation of the British Government, it is desired that they will be enumerated, in order

to prevent possible misunderstanding for the future, and to enable the Imperial Government to consider if, in these respects, any assurance could justly be given.

"It may be added that, as regards the capacity of foreigners to acquire landed property and mining rights in Korea, the Imperial Government, while naturally unable to bind themselves for all time, are again well disposed to maintain, at least for the present, the existing laws granting such capacity to foreigners."

# LII

## JAPAN'S COLONIAL TERRITORIES

**Formosa.**—As a result of her successful war with China in 1894–95 Japan embarked upon her first colonial venture. The cession of the valuable camphor-producing island of Formosa represented her principal gain in the terms of the Treaty of Peace. Since that time the policy followed by Japan in her newly-acquired territory has been keenly watched by the outside world. It was realised that she herself had not long emerged from a state of civilisation that was little better than that existing in China, and her competence to undertake the reform of Formosa was seriously questioned.

From time immemorial the island had been a centre of foreign aggression in the Far East. Originally discovered by Chinese rovers as far back as the seventh century of the Christian era, it was occupied alternately by the Spanish and the Dutch in the seventeenth century. For a time the natives gained the ascendancy, but eventually China asserted her sovereignty, which, in spite of international complications that arose from time to time, she maintained until her disastrous war with Japan. It cannot truthfully be said that Japan's attempt at colonisation in Formosa has proved a conspicuous success. At the same time it would be wrong to suggest that it has been in the nature of a failure. As a matter of fact she has had to contend with obstacles to overcome which would have called for superhuman effort. To begin with, the climatic conditions are opposed to colonisation on a large scale. In three years, from 1904 to 1907, the Japanese population increased by only 20,000, and even at present it merely stands in the proportion of one to forty of the native population. There is indeed little prospect of an improvement in this direction, for the native population is stationary, and Japanese who desire to emigrate are attracted to the fairer fields of the Pacific slope or to the

more recently-acquired territory in Korea. The physical character of the country has also been a hindrance to progress on any considerable scale. The general features of the island are hilly, and only about one-half of the land available is classed as arable. Moreover, it is estimated that 60 per cent. of the whole area is covered by forests. These, no doubt, will be some day a source of great wealth; but at present they are to a large extent rendered inaccessible in consequence of their occupation by warlike aborigines. Altogether it is estimated that there are fully 100,000 of these savages in the interior, and from time to time the Japanese have waged energetic campaigns against their strongholds. In this guerilla warfare, however, the Japanese have had similar experience to that which has been the lot of Western military forces when engaged against uncivilised hordes. They have not been without their disasters, and their successes have cost them dearly both in life and in treasure. On some occasions natives have been employed against natives, for it has been realised that there are parts of Formosa where even the Japanese regular troops of Manchurian fame could not penetrate without danger of annihilation. At intervals the natives emerge from their forest retreats and make bold descents upon communities, plundering and murdering the peaceable inhabitants. From time to time cordons of troops are drawn across certain areas, and efforts are made to reclaim land for cultivation by driving the natives farther into the interior. In 1910 the Diet voted a sum of £1,500,000 for the purpose of bringing the whole of the aboriginal tribes into subjection. With that precision of method which marks all their plans and prearrangements the Japanese Government decided that this sum should be spread over a period of five years—two years to be devoted to vigorous action in the field, one year to pacification, and the remaining two years to the development of conquered territory. Since this policy was initiated the expeditionary forces have redoubled their activities, and, although not without reverses, they have succeeded in subjugating several important tribes. Consequently the area of forest lands under the control of the Island Government has been greatly extended.

The success of Japanese colonisation in Formosa can only be measured by material evidences, and these are made manifest in all directions. In ten years the Government railways have increased by more than threefold, the present mileage being 282 miles. In 1908 the trans-Formosan railway running from Keelung into Takow in the south was formally opened to through traffic. Moreover, in 1910 there were constructed 43 miles of heavy line, and 47½ miles of light railway by various industrial companies; and it is estimated that there are now 502 miles of private lines of 2 feet 6 inches gauge, while 100 miles are under construction. Postal, telegraphic, and telephonic communication has also been considerably extended. The most notable achievement, however, in the progress of the island was the establishment of its financial independence in the year 1905-06. In that year not only were the administrative expenditures met by the revenue without assistance from the Central Government, but there was a sufficient balance left to defray the expenses of special undertakings. The enormous expenditure involved in the war with Russia has no doubt retarded the development of the rich resources of Formosa. It is rightly recognised by the Imperial Government that climatically, no less than strategically, Korea and Manchuria offer more desirable fields for exploitation. Although the southern colony is no longer a drain upon the national exchequer, it is without a large margin of funds to devote to special undertakings; and were it not that Japan has, for the time being at least, reached the limits of her borrowing capacity in Europe, the Formosan Government would long ere this have sought to obtain a loan in foreign markets.

As in Japan, the system of establishing monopolies as a means of raising revenue has found favour. Opium, salt, camphor, and tobacco have in turn been brought under the control of the Government. Elaborate precautions are taken to preserve the camphor industry. During the six years ending 1909, more than 3,000,000 new trees were planted, and in order to limit the exportation of seeds to foreign countries, restrictions were imposed to prevent the cutting down of trees for this purpose. A large area of camphor forest is, however, situated in parts of the island still inhabited

by the savage aborigines and, therefore, difficult of access. The climate is an additional obstacle to exploration. Formerly the selling of the camphor was entrusted to the care of a well-known English firm, but of late years the Japanese have themselves assumed control of this branch. There is no uniformity in the quality of the trees, those in the north giving as much as 100 parts of camphor to 75 parts of oil, while in the southernmost districts the quantity of oil obtained to the same quantity of camphor is as high as 400 parts. From the Japanese point of view, therefore, it becomes imperative to open up the northern forests to exploitation, and this can only be effected by the complete subjugation, or extinction, of the warlike tribes of aborigines. The shipments of camphor to foreign countries during the year 1910, representing a sum of £401,468, were as follows:—

| | Lbs. |
|---|---|
| United States | 2,942,800 |
| Germany | 1,808,000 |
| France | 908,667 |
| United Kingdom | 542,400 |
| India | 249,333 |
| Total | 6,451,200 |

During the same year 35,072 lbs. (£2644) of camphor, and 7,835,519 lbs. (£206,449) of camphor oil, the entire output, were exported to Japan.

The richest resource of the island is the sugar cane, which is cultivated over an area of 220,512 acres, and which accounts for more than 50 per cent. of the export trade. In 1910 the total production of sugar amounted to 4,079,344 cwts. Of this volume 3,719,536 cwts. were sent to Japan —476,190 cwts. for the purposes of refining, and 3,243,346 cwts. for direct consumption—10,426 cwts. found markets in Shanghai, Hankow, Dalny, and Korea; while the balance, 349,382 cwts., supplied local requirements. In his report for the year 1910 Mr. Consul J. B. Rentiers remarks that "In November it was announced that no more charters would be granted for the time being for the formation of sugar manufacturing companies, nor for the extension of

existing mills, the object being to check the expected over-production of sugar in the island in excess of the demands of Japan for direct consumption and for refining, pending the opening of foreign markets." This decision, however, was stated officially to be only a temporary measure. It is clear that in the near future Formosan sugar will become an active competitor not only in the markets of China but also, perhaps, in those of Canada and India. Meanwhile Japan is the principal consumer of Formosan sugar, which enjoys an advantage over the foreign article in that it is bounty-fed. The subsidy granted to the industry for the year 1910–11 amounted to upwards of £280,000. With the operation of the new Customs tariff in Japan, however, it is expected that the subsidy will be abolished, as the island sugar, being admitted free of duty, will, of course, be automatically protected. There are several sugar refineries in Japan, one of which enters into direct competition with British enterprise in North China and the region of the Yangtsze. The systematic protection and encouragement afforded the industry by the Government, no less than the inroads already made in Far Eastern markets by Japanese sugar, render it clear that there is inevitably a prosperous future before the colony. In ten years the number of canes under cultivation increased nearly fivefold, while in the same period the production nearly doubled itself.

Tea is the most important of Formosa's exports as far as foreign trade is concerned. In 1910 the industry yielded a sum of £647,000, of which only £57,529 was accounted for by shipments to the markets of Japan. America, Great Britain, and Australia, in the order named, are the principal consumers of Formosan tea.

Besides camphor, sugar, and tea, the island produces copper, coal, hemp, rice, salt, alcohol, and hides.

The table on the next page is prepared from the trade figures for 1910.

If anything, it is more difficult for capital to gain a foothold in Formosa than it is in Japan itself. Although money is urgently needed for the development of the resources of the island, it is exceedingly problematical whether individual enterprise other than Japanese will prove of a profitable

| Country. | Imports. | Exports. | Total. |
|---|---|---|---|
| | £ | £ | £ |
| Foreign countries— | | | |
| China | 587,711 | 374,972 | 962,683 |
| United States (including Philippine Islands) | 276,354 | 518,022 | 794,376 |
| United Kingdom and Hong-Kong | 583,217 | 110,489 | 693,706 |
| Germany | 250,708 | 131,206 | 381,914 |
| Other countries | 328,626 | 88,894 | 417,520 |
| Total | 2,026,616 | 1,223,583 | 3,250,199 |
| Japan | 2,967,674 | 4,893,594 | 7,861,268 |
| Grand total | 4,994,290 | 6,117,177 | 11,111,467 |

nature. Two British firms have established sugar concerns, and although their prospects at the present time appear to be bright, it must not be forgotten that they are competing against Japanese undertakings in receipt of State aid. In Formosa, as elsewhere, the Japanese profess to welcome foreign capital, but in reality local conditions are against its successful employment. The administration makes no secret of its intention to resort to loans as a means of defraying the enormous expenditure that will be required if development is to continue on an adequate scale. In other words, the policy that has been followed at home and in Manchuria and Korea will find favour with the Formosan Government. As soon as the financial credit of Japan in European markets again recovers its buoyancy, a loan for the purposes of Formosa will no doubt be floated. In other words, Japan will seek to obtain cheap money from European markets, and this money she will devote to the furtherance of strenuous competition with foreign trade in the Far East. In view of these circumstances, it is for British capitalists to decide whether or not the lending of money to Japan is in reality a far-sighted investment.

The fitness or otherwise of Japan to take a lead in the civilisation of the East cannot be determined from her experiments in Formosa; for these, as I have before pointed out, have merely made themselves manifest in material evidences.

It is indeed difficult to see how it could be otherwise. A nation whose ethics depend upon conceptions and not upon stringent codes, has nothing concrete to offer the primeval peoples of the forest. She may give them harbours, roads, railways, electric light, and sanitation. She may endeavour to instil into them a crude idea of right and wrong by the administration of laws, but she cannot inspire them with moral ideals as they are understood in the West, for these she does not possess herself. The West has yet to realise that every inch of foreign territory ceded to Japan means to a large extent the abandonment by the West of Christian ideals.

**Karafuto.**—In southern Saghalien (Karafuto) ceded by Russia in the terms of the Portsmouth Treaty of Peace, the Japanese are faced with altogether different climatic conditions from those prevailing in Formosa. Whereas the southern colony is sub-tropical, the northern territory is exposed to all the rigours of arctic winter. Little time was lost by Japan in the exploitation of her new territory in Saghalien. The ink was scarcely dry on the document which gave her possession before bands of officials were sent out in all directions in search of resources. Not only was it considered desirable, in view of the financial situation at home, that strenuous efforts should be made to realise as speedily as possible on the new assets, but there was a sentimental motive to inspire activity. The territory had once belonged to Japan and had passed out of her hands by reason of the astute diplomacy of Russia, who induced her to take the barren Kurile Islands in exchange. So hasty was Japan to lay claim to Saghalien that she began the process of re-naming before the war closed. The designation was promptly changed to that of Karafuto, and the towns, capes, bays, rivers, and inlets were re-christened with Japanese names. It had always been suspected that the island contained rich resources. Exploitation, however, was neglected by Russia, who simply took advantage of the remote situation of the territory in order to establish convict settlements. Apart from any desire of Japan to establish her sovereignty on a firm basis, there are strategical reasons that induce her to encourage colonisation. Moreover, her present financial state compels her to make the most of every available asset in the Empire. In

Saghalien she is pursuing that policy of industrial protection and encouragement which is so marked a feature of her expansion in other directions. It is, in short, a policy that clearly indicates the intention of Japan to construct an Empire, the reins of which shall be firmly held from Tōkyō. One cannot imagine her pursuing a policy similar to that which the United States has followed in regard to the Philippines, or in a larger sense, that upon which the British Empire is founded. In Saghalien she is proceeding in her colonisation with a deliberation that appears at first glance to be eminently business-like. Time alone will prove whether or not, in their desire to direct progress by governmental interference in regard to individual effort, the Japanese Government are hampering enterprise by an excessive zeal for order and detail. At present the National Treasury makes an annual grant to meet the deficit in the colonial budget. Already it has been ascertained that 249,000 acres of land are suitable for cultivation and pasture. One thousand families have been settled in the country, and these have been given substantial assistance in the form of gifts of seed and cattle. Investigation has also proved that there is an abundant supply of coal, the vein extending from Cape Toro in the south to the Russian boundary. An official report states that alluvial gold "abounds" in the beds of certain rivers, while iron pyrites and oil have also been discovered. Virgin forests exist to an extent which Government experts declare to be "unparalleled" in other parts of the Japanese Empire. Altogether it is estimated that their total area exceeds seven and a half million acres, and the timber is of a kind suitable for building and engineering purposes, and for the manufacture of pulp for paper making. The fisheries in the adjacent waters are also a resource of enormous value. An experimental fish-farm has been established on the west coast, and with a view to the preservation of the fisheries various researches and experiments are in progress. That the Japanese have much to learn in the management of fisheries is evident from the fact that the Hokkaidō fisheries diminished considerably in value owing to the lack of proper precautions for their preservation. While the southern portion of the island is reputed not to be so rich

as the northern part, there is no doubt that there is little truth in the statements, made when the Portsmouth Treaty was signed, that Japan obtained merely barren territories. To conduct development on an adequate scale, however, a large amount of capital will be needed, and this, no doubt, as in the case of Formosa, she will seek to obtain from the proceeds of foreign loans.

**Hokkaidō.**—To be in a position to form some definite opinion concerning the merits of Japanese colonisation it is necessary to investigate the conditions in Hokkaidō. Although this territory is one of the four large islands that constitute Japan proper, its geographical position in the far north has rendered development somewhat in the nature of colonisation. Its exploitation became a matter of strategical necessity by reason of the Russian menace. In the early days the Government itself conducted a number of enterprises, but eventually these were handed over to private concerns. Between 1869 and 1899 £11,000,000 was paid out to Hokkaidō from the State Treasury, while the revenue received was only £6,000,000. The results accomplished include the increase in the number of settlers from 58,000, thirty years ago, to 1,120,000, the cultivation of 850,000 acres, and the raising of products from an insignificant total to the value of £4,500,000 annually. The resources of the island consist mainly of its forests, its rich coal-fields, and the marine products of its adjacent waters. It cannot be denied that its progress has been considerably retarded by maladministration. A former governor has declared that whereas Hokkaidō only produces rice to the value of £300,000, with proper development that total could be increased tenfold; that the uplands could yield five and a half millions sterling, or threefold the present production; that there are pasture lands measuring 750,000 acres capable of supporting 390,000 head of oxen and horses; that 280,000 head could be fed outside the regular pasture lands; and that enormous developments are possible in the direction of fruit-growing, of forestry, of mining, of fishing and marine products, and of industry in general. It will be remembered that one of the causes advanced to justify the war with Russia was the urgent need for Japan's expansion.

We are told that her population was increasing at such an enormous rate that for her people the struggle to obtain a livelihood had become almost unbearable. The climatic rigours of Formosa closed that region to emigration on a large scale. The same, however, could not apply to Hokkaidō, where the winters, though severe, are not more so than in other territories where Japan has recently acquired predominance, and where, on the authority of a governor, ample resources await development. The fact that there are only thirty-six inhabitants to the square mile in Hokkaidō would appear finally to dispose of the argument that one of the principal causes which rendered war inevitable was the overcrowded state of Japan.

# BOOK VII

## MANCHURIA

# LIII

## MANCHURIA: A FOREWORD

IT is only within the last sixteen years that the serious attention of Western statesmen has been drawn to Manchuria, which is now looked upon as one of the most promising territories in the world. Few works have been written giving any adequate idea of the general features and the great resources of the country. As a matter of fact the subject is one upon which, until recently, little information of a reliable nature was available. The advent of the Russians with their bold policy of railway and mining development stimulated international interest no less than international jealousy. Prior to that time the West had heard of Manchuria only in the tales of adventurous travellers. These accounts were of necessity largely devoted to recitals of experiences in a land where the only means of communication was that of the primitive cart and mule; where bands of lawless rovers plundered and pillaged with impunity; and where, moreover, there dwelt strange tribes whose language and customs rendered it difficult, if not impossible, for them to convey any approximate idea of the vast resources that awaited development.

In the history of China itself, Manchuria and its inhabitants have played a conspicuous part. It was in 1644 that the Manchus, having welded their own country into one kingdom, accomplished the downfall of the Ming dynasty and themselves assumed the supreme power, which, in spite of revolution and counter revolution within, and of persistent aggression from without, they held unimpaired for upwards of two and a half centuries. While, however, the Manchus were engaged in a struggle that was to give to them the throne of China, the traditional policy of Russia which ever since has been to free herself from the grip of ice and snow

and to extend her domains southwards to the sun, found its inception. Marauders crossed the frontier, settling in Northern Manchuria, and, as the result of a prolonged conflict with the Chinese, the Treaty of Nerchinsk was concluded in 1689. This treaty, and a later one concluded at Aigun, defined the boundaries between the two Empires. The territory between the Ussuri and the sea was placed under the jurisdiction of both countries until such time as there should be a proper delimitation of frontier. In 1860 a supplementary treaty, concluded at Peking, completed the work of settling the frontiers between the two countries. While China undoubtedly made enormous sacrifices, she still retained her sovereign rights over Manchuria as it is constituted to-day, that is, Manchuria as contained between the three great rivers, the Amur, the Ussuri, and the Tumen. For thirty-five years Manchuria, as far as external aggression was concerned, enjoyed tranquillity. When Japan, as a result of her victorious war with China in 1894-5, insisted upon the cession of the Kwantung Peninsula, there was no doubt that she had in mind an extension of her influence in Southern Manchuria on a scale equally as large as that which characterises her administration in this region to-day. Her agents had for some time been making careful investigations in all parts of the country, and, aided by the peculiar knowledge they possessed of the people and their language, her Government was probably better informed than that of any other foreign nation concerning the value of the resources awaiting exploitation.

Manchuria was not destined to remain closed for long to foreign aggression. The advent of Russia, with her grand policy of railway construction, attracted for the first time the interest of the world to this far distant region. It was believed that the great northern Power had obtained a firm grasp upon one of the richest of undeveloped territories in the world. As the result of a personal tour, in 1901, Sir Alexander Hosie, then British Consul at Niuchwang, published an interesting work in the course of which he described the vast industrial and commercial possibilities of Manchuria. That little was previously known concerning the country was set forth in his preface, for he pointed out that few books on Manchuria had been

consulted because there were few books to consult, and that there was no good English map of the whole of Manchuria. Since that time many events of international importance have occurred, and Manchuria is to-day the scene of one of the keenest commercial struggles that has been witnessed at any time in any part of the world. In the period that immediately followed the Russo-Japanese war, several important books dealing with the new situation were published in English, but for none of these could comprehensive treatment of the subject be claimed. There is no work extant in the English language which describes the complicated conditions as they exist in Manchuria at the present time, conditions that have been the result of a succession of international agreements arising from the provisions of the Portsmouth Treaty, and that will, in a large measure, form the basis of all future discussions concerning the Far Eastern question. Five years ago the writer made an extended tour of Manchuria, and the first-hand knowledge he gained as a result of careful investigation on this occasion he has supplemented by consulting Russian, Japanese, and Chinese sources of information. Probably the best work on the subject published by the Japanese is an elaborate treatise of three volumes compiled by Lieutenant-Colonel Morita of the General Staff, a work which has been given authoritative sanction. This work has been translated for the purposes of the present chapters, and to its author I am indebted for some of the details herein presented. In view of the increasing importance of Manchuria as a field for international exploitation and as a market for the produce of the world, it is essential that British manufacturers and merchants should be well informed in regard to prevailing conditions. That there is ample room for the extension of British commercial interests, always providing that the Government is sufficiently strong to insist upon a strict enforcement of treaty rights, no one acquainted with the sequence of recent events can doubt. The indifference of China to her own interests alone brought about Russian aggression. In so far as we supported Japan we held that this Russian aggression was opposed to the principles of equal opportunities and the maintenance of the

integrity of China, upon which British policy in the Far East is based. Although in many important respects we have permitted Japan to take the place formerly occupied by Russia in Southern Manchuria, she is bound not by one but by several treaties to pursue a policy consistent with that of our own. It is only in her adherence to the strict letter of these treaties that, as far as Manchuria is concerned, we can reap the slightest reward for the support accorded to our allies in the time of crisis, no less than for the steadfast maintenance of an honest policy extending over a period covering many years of intercourse with Eastern races.

It is the duty of statesmen in power to see that Japan obtains no other political advantages in Manchuria save those which she won from Russia in the recent war and which are clearly set forth in the Treaty of Peace. Already it is difficult for impartial students of events to find any material difference in her position from that once occupied by Russia. Some persons, whose opinions are entitled to serious consideration, go so far as to assert that the Japanese have acquired a stronger hold upon Southern Manchuria than the Russians enjoyed in the days prior to the war, when British traders were loud in their complaints against the discriminating policy of the Administration. In regard to Northern Manchuria it is generally admitted that the position of Russia, in consequence of recent events, has undergone little if any change, and that she still wields a power and a prestige which render her to all intents and purposes paramount in this region. Moreover it is suspected, not without warrant, that as the policies of Japan and Russia in their respective spheres of influence so closely resemble each other in aim, neither Power is desirous of displaying the least concern in regard to any action that may be taken by the other, opposed though this may be to the interests of the rest of the world. Consequently, until the time comes when they have consolidated their positions, the one in the north, the other in the south, and are ready to advance their enterprise even to the extent of encroaching upon each other's preserves, thus bringing about a re-shaping of the whole situation, the obligation of protecting the principle of the Open Door must of necessity

rest with those Powers whose interests are wholly dependent upon the strict application of that principle. The time has arrived, therefore, when British interests should be stimulated in a region that offers an attractive field for the unrestricted activities of all nations. This object can only be achieved by a clear appreciation of the new situation in all its phases.

In any review of this kind no consideration of political friendship for Japan must be allowed to obscure the truth. She is committed as deeply as we are ourselves to the policy of the Open Door. Furthermore, it is her contention that so far no measure she has taken is inconsistent with this policy. She is in agreement with us that British enterprise can only obtain a share in the development of Manchuria under conditions that permit of the giving of equal opportunities to all nations. If it can be shown—and recent events indicate that in the United States certain misgivings are held on the point—that while proclaiming for the sake of political expediency her adherence to the principle, Japan is actually engaged in opposing the spirit, if not the letter, of the policy of the Open Door, then it would appear that British interests are indeed seriously menaced and that an official investigation should be held without delay with a view to making diplomatic representations in the proper quarters. It could not conceivably be urged that such representations would be inconsistent with those cordial relations established as a consequence of the Anglo-Japanese Alliance, for the main object of the Alliance was to safeguard that very principle which it is now alleged Japan is violating. It follows as a matter of course that the actions of Russia in Northern Manchuria, where these are at variance with the policy of the Open Door, should not be overlooked. Hitherto we have given acquiescence to the measures taken by both Powers to secure positions of predominance in their respective spheres of influence. Doubtless it will be pleaded in the language of diplomacy that matters of high policy, having in view the maintenance of our interests in the world at large, have rendered necessary some sacrifice in Manchuria. Whether or not this attitude is tantamount to a confession of weakness is a

subject that will be discussed in succeeding chapters. It is sufficient here to say that many prominent Englishmen living in the Far East hold the opinion that British prestige, not only in China but also in other Oriental countries, has declined in a marked degree since the close of the Russo-Japanese war. Whatever view may be entertained on this aspect of the question there can be no doubt that in consequence of the interpretation placed by the Foreign Office upon the obligations of the Alliance, the commercial interests of Great Britain have not advanced to the extent that was anticipated both at the time when the provisions of the Alliance were disclosed, and, in a still more confident degree, when the first-fruits of the Alliance were realised and Russia was forced to retreat beyond Kwang-cheng-sze. The moment is at hand, however, when we shall no longer be able to ignore the letter of the Treaty of Alliance and of other treaties having for their object the maintenance of the integrity of China and of the principle of the Open Door within that integral China.

# LIV

## THE POSSIBILITIES OF DEVELOPMENT

WITHIN a fortnight after leaving Charing Cross the traveller can be in the heart of Manchuria. He can journey over the thousands of miles between the extreme West and the extreme East under conditions of even greater luxury than those to be met with in the trains that run from England to Scotland. The Trans-Siberian Railway, with its extension to the southernmost limits of Manchuria, has so revolutionised travelling as to deprive the designation "Far East" of its original significance. While the immediate result of the construction of this great railway has been to promote in real earnest the development of Manchuria, the fact cannot be overlooked that it is invested with international importance of the first magnitude, in so far as it bears an important relation to international interests and well-being throughout the East. It is in fact a main artery necessary to sustain the vigour of the East, an artery from which in the future will spring a network of subsidiary arteries that will give to many virgin territories the activity of industrial development. Like all great enterprises of world concern it has brought with it great sacrifices, not only in human labour but also in human life. Nor can any one acquainted with political conditions in the East prophecy with safety that these sacrifices are at an end. Ever since the day when the foreigner invaded the forbidden lands of the Orient, war clouds have darkened the horizon, and at the present moment all indications point to the fact that before these are dispersed and an enduring period of peace comes into sight, not one but several conflicts of power will have been waged. But the building of the great railway from East to West was undeniably part of destiny in the progress of the world. It has brought to us the knowledge of one of the fairest territories on the surface

of the globe ; it has opened up illimitable opportunities for trade and commerce ; and were it to serve no other purpose than this it would still remain a monument of grand proportions to the wisdom and foresight of its founders. When it leaves the Russian frontier it passes into a country stretching far to the south away from the perennial grip of ice and snow, to the west bordering on the great Mongolian plains, and to the east linking up with the Russian Maritime Province.

The area of Manchuria has never been correctly ascertained. In recent years the inhabitants have gradually extended their residence into Mongolia, and with them they have taken the form of civil government that obtained in Manchuria. Consequently, while the boundaries between Manchuria and Korea are clearly defined, no reliable delimitation of the Manchu-Mongolian frontier appears to have been made. The Japanese estimate the area of Manchuria at 379,095 square miles ; but other authorities declare that its extent is nearly 400,000 square miles. If we accept the lowest estimate it will be seen that Manchuria contains upwards of three times the superficial area of the whole of the United Kingdom of Great Britain and Ireland. In the matter of population, also, no reliable statistics are available. No census has ever been taken, and the authorities depend for their information upon the loosely compiled reports of local officials. Travellers, however, who have made rough calculations, agree that the total number of inhabitants is about 17,000,000, or only a little over forty to the square mile. It is impossible to ascertain the exact proportion of Manchus to Chinese, but there is no doubt that the latter preponderate to an overwhelming extent. Major Morita estimates that only 5 per cent. of the population are Manchus, while Sir Alexander Hosie places their proportion at no more than 10 per cent. Within the last few years, in consequence of railway and other developments, the number of Chinese settlers who have been attracted to Manchuria has increased enormously. The Manchu language is now only spoken in remote parts, Chinese manners and customs prevail throughout the length and breadth of the land, and the Chinese, owing to their superior ability no less

than their superior energy, have practically secured the monopoly of trade, commerce, and agriculture. It is indeed one of the most remarkable features of Chinese history that the descendants of that warlike race which two and a half centuries ago subjugated the Empire and set upon the throne its own dynasty, should themselves be absorbed by the children of the once-conquered people. To-day the Imperial tombs at Mukden are at once a monument to a fallen dynasty and to a departed race.

Until within the past fifty years Manchuria was a little-known land, and the Chinese themselves paid scant heed to its commercial possibilities. A Customs report reviewing the history of Niu-chwang observed that no traveller visited the port in pre-treaty days, and that for many years after it had been declared open, trade progressed but slowly. "For a long time," continued the statement, "it was thought that Manchuria would never offer a great market for foreign goods. After twenty years of intercourse the value of the trade showed but little advance, and the number of foreign merchants was, if anything, less than in the earliest days. Niu-chwang, as it was one of the most remote, was one of the least of the ports. Somnolency seemed to have marked it for its own, and one would have been prescient indeed who could have foreseen the startling developments of recent years. It was towards the end of the third decade that the awakening came. Suddenly almost it began to appear that a bright commercial future lay before Niu-chwang. The year 1890 showed a notable increase in trade, due to some extent, perhaps, to a more careful valuation of commodities which was introduced in that year, but chiefly to an actual increase in the body of merchandise. The following years gave still larger results, and the decade 1892 to 1901 was remarkable for a series of mercantile developments perhaps unparalleled in the history of the China trade. Regarded from the standpoint of volume of commerce, Niu-chwang became one of the most important of the Treaty ports. The very aspect of the place underwent a rapid change during these last years. The mud village of the 'sixties' grew into a rich and populous town, with many fine shops, houses, and temples, and with something of a modern look, due to the tall chimneys

of the steam bean-cake factories. The river was crowded with great steamers, and the chant of the boatmen on the numberless native craft intermingled with the scream of the steam-launch ; the foreign quarter, once consisting of a few semi-Chinese cottages, exhibited quite a pretentious array of European buildings—the mansion of the merchant, the church, the hospital, the hotel, with lower evidences of civilisation in the shape of the grog shop—whilst a few miles off, on either side, were the two Railway Settlements, already little towns themselves. Add to these changes the outward and visible signs of the Russian military occupation in the year 1901, the European carriages and horses, and the jinrikshas on the roads, as well as the number of foreigners of all nationalities to be seen in the streets, and it will be realised that the sleepy bean mart of the old days has passed away for ever. Economical and political causes both contributed towards this sudden start forward. For many years it had been the policy of the Chinese Government to keep Northern Manchuria undeveloped. But in the 'eighties' there were signs of a change of view. The northern frontier was fortified and some encouragement was given to immigrants to take up unoccupied land in the Three Provinces. They had poured in large numbers for many years before; for example, in 1876, it was estimated that about 1,000,000 Shantung and Chihli peasants came into Manchuria. But official encouragement no doubt acted as a stimulus ; people continued to arrive, more land was brought into cultivation, and more grain produced. The immigrants who survived the hardships of travel and the first few struggling years inevitable to the pioneer, soon found that they were, in a far richer land than that of their own provinces. The virgin soil gave forth abundantly; there was a great wealth of agricultural products to be disposed of ; transport, though difficult and expensive, was not hampered by fiscal oppression; and by a happy stroke of fortune, at the moment when there was superabundance of supply there arose in Japan a great demand for the staple productions. The discovery of the Japanese market for beans and beancake was the most potent economical factor in the development of trade in Southern Manchuria."

Since the period to which reference is made in this Customs report, the progress of Manchuria has been uninterrupted, and of all the vast territories that the Empire of China contains, it is looked upon as the one possessing the best conditions for immediate exploitation on a large scale. The Russians were the first to begin this exploitation in earnest, and as a result of the war with Japan and other events that followed their activity, the attention of the whole world has been drawn to what is undoubtedly at the present time one of the most interesting fields of international enterprise. The Chinese themselves, who, it must be confessed, occupy a somewhat unenviable position between the Japanese and Russian Administrations, have at last seriously awakened to a realisation of the potential value of the resources of Manchuria. Although they have done much within recent years to encourage emigration to Manchuria, the fact remains that the country is but sparsely populated, and that owing to the helplessness of the Central Government at Peking there is little prospect that in the immediate future the natives will be able to derive any considerable share of the fruits of the enterprise that is in progress in their midst. The proper development of Manchuria is, therefore, destined to be the work and the reward of alien pioneers. Viewed from every standpoint of natural advantage it offers an attractive field for the investment of capital. Although one of extremes, the climate is essentially dry and endurable. There are several magnificent waterways draining enormous areas of fertile plains. On the northern boundary flows the great Amur, which is navigable for steamers of light draught along nearly the whole of its length. The Sungari, which flows through the heart of Manchuria, is navigable for a distance of over six hundred miles, whilst its principal tributary, the Nonni, affords an excellent waterway for small craft for a distance of four hundred miles above the point of confluence. In his book, *The Coming Struggle in Eastern Asia*, Mr. Putnam Weale draws attention to an interesting fact. He remarks that this amber-coloured Sungari River which binds the two Pacific coast routes together, is so full of water in spring and summer that it would be possible to sail a shallow-draught vessel straight from the upper Yangtsze

to the Amur by way of Vladivostock and Nicolaievsk, reaching to Sungari and Harbin in a very few days' steaming. In plain words, he adds, it is physically possible to travel three thousand miles by water from the heart of central China to the heart of central Manchuria where Russia is still morally intrenched. In the south, and flowing into the Gulf of Liaotung, is the Liao, navigable for junk traffic to the extent of two hundred miles of its course, while on the north-western border of Korea is the Yalu River, of sufficient depth to admit of the passage of steamers drawing eight feet as far as the important town of Antung.

During the greater part of the year many thousands of boats are engaged conveying produce from the interior to the principal markets ; but the fact that, as far as the waterway communication is concerned, Manchuria is ice-bound for four months during the year is a serious drawback to the commercial development of the country. The primitive method of transit by means of mules and roughly-constructed carts along roads that are little better than tracks, reduced to quagmires in the rainy season and furrowed with deep ruts in winter, provides the only alternative in the absence of an adequate railway system. Before the vast resources of Manchuria can be reached to any measurable extent the problem of communication must be solved. Major Morita, of the Japanese General Staff, who has travelled throughout the length and breadth of the land on behalf of his Government, declares that none of the mountainous regions can be called inaccessible, and that as the ranges run from north to south roadways can be made in all parts without encountering any serious difficulty. What Manchuria needs more than anything else, however, is an adequate railway system. In the south Japan lays claim to the exclusive right to supply this need, while in the north Russia has similar pretensions. As neither of these Powers is in a financial position to permit of the undertaking of extensions on an elaborate scale, it would appear that unless there is a revision of the whole situation, the progress of Manchuria, and with it the interests of the world at large, will suffer to no small extent. Professor Edward C. Parker of the University of Minnesota, who, after the Russo-Japanese War,

was employed by the Chinese Government to establish an Agricultural College and Experimental Station at Mukden, and who was, therefore, enabled to make a special study of local conditions, considered that should Manchuria ever be developed to its fullest possibilities, its products, both in quantity and quality, would be as famous in the world's markets as the wheat of Canada and the cotton, corn, and beef of the United States, but, "before this development can take place," he added, "it is necessary that there should be good roads to connect with the railways and waterways." He came to the conclusion that the Manchurian farmer is not so much in need of the agricultural teachings of European and American applied science, as he is in need of the far-sighted genius of such men as James J. Hill in the United States and Shaughnessy in Canada, who built the steel paths of commerce into the fertile fields of North America and were content to wait for dividends until the settlers came in and opened the soil; and he pointed out that, "to-day every farming community in America is in touch with the world markets, and, being in possession of the markets, the agricultural problem of the United States is to increase production by the application of science to the art of agriculture. One hundred years ago the American farmer produced his food, fuel, and clothing on the land and exchanged very little of his crop for cash. Then, as transportation facilities developed and the inventive genius of the American applied mechanical principles to agriculture, the old system of 'produce-and-consume-what-you-produce' farming passed away and crop products are now exchanged for cash, and the farmer buys coal for fuel and factory goods for his clothes. The Manchurian farmer of to-day is in a stage more remote from the highest modern civilisation than the American farmer of one hundred years ago, and this fact must be realised in considering any Government policy for the improvement of agriculture."

It is largely to America that we are compelled to turn for reliable information concerning Manchuria, and it would appear that she alone of all nations (with, of course, the two exceptions of Japan and Russia) has realised the value of the opportunities that here await foreign co-operation and

enterprise. Her officials, resident in the principal centres, no less than prominent business men who from time to time make extended tours throughout the East, are enthusiastic in their belief that Manchuria is destined to enjoy a prosperity equal to that already attained by the great grain-growing countries of the American continent. The expert opinion I have just quoted is supported by many other authorities. "With good roads, and better transport facilities," wrote Mr. Frederick D. Cloud, at the time American Vice-Consul-General at Mukden, "new markets would be reached, the cost of production and marketing would be reduced by more than one-half, production would be stimulated, and the land of the Manchu would enter upon an era of prosperity and progress scarcely second to that enjoyed by the inhabitants of the trans-Mississippi plains during the past thirty years." Mr. P. B. Smith, the President of the Minneapolis Chamber of Commerce, prominently engaged in the milling trade, who made a tour in the East soon after the Russo-Japanese war, subsequently gave expression to the opinion that within ten years at the most Manchuria would raise sufficient wheat to supply the entire trade of the Orient. He observed that Manchuria was in the same latitude as the Middle Western States, and that it was equal in area to Minnesota and the Dakotas. He estimated that in a future not far distant it would be capable of producing 250 million to 300 million bushels of grain.

It is estimated that the Sungari and the Nonni drain an area of 30 million acres unsurpassed for the richness of its soil by any other grain-bearing tract in the world. Mr. Putnam Weale, who has travelled extensively in this district, predicts that "Chinese agriculture in Northern Manchuria will soon not be merely confined to winning over to the mattock and the plough the whole of these 30 million acres, it will steadily invade the vast area of North-eastern Mongolia—the Inner Mongolia of the geographers—and will bring all the rich grass country lying to the east of the Gobi desert under painstaking cultivation. Already it is calculated that the Chinese agricultural belt is advancing on the Mongols and their wandering flocks at the rate of thirty *li* or ten miles a

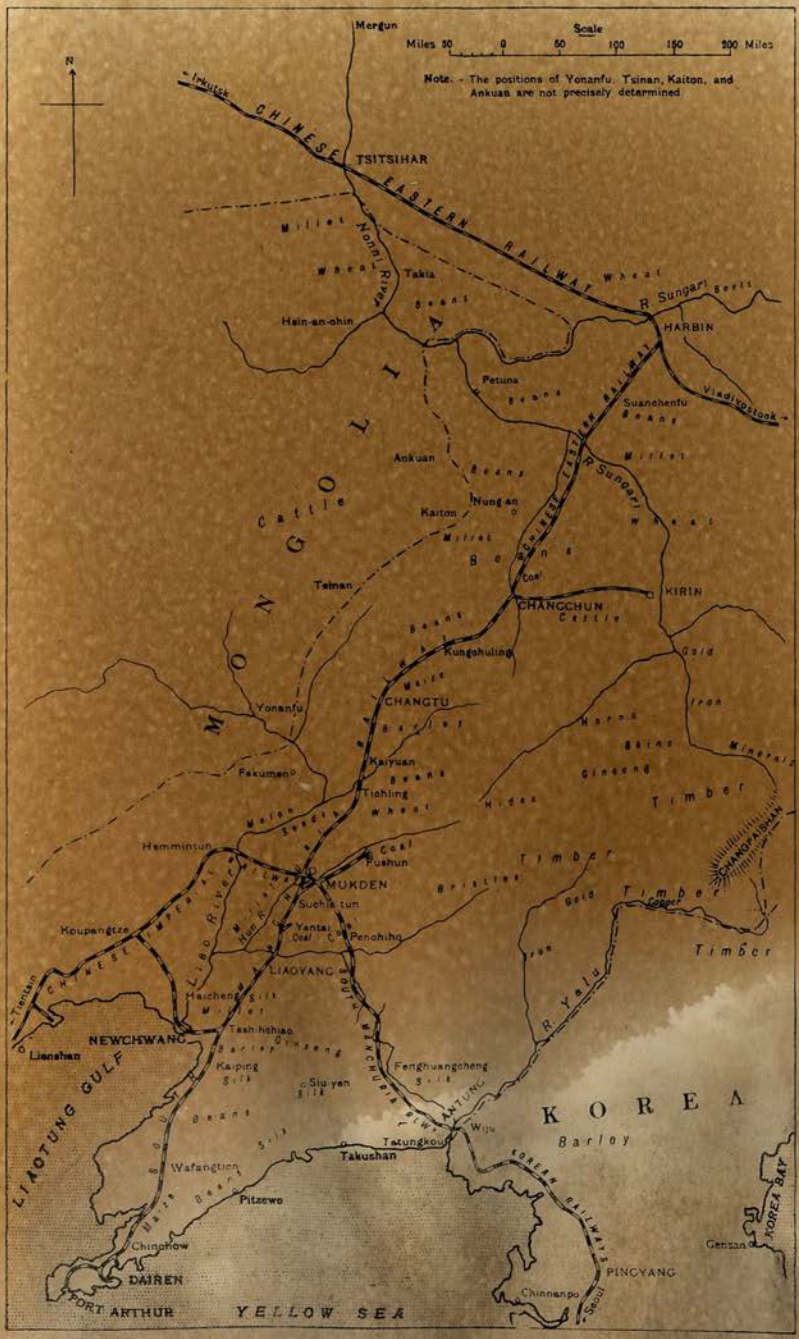
year. In fifteen or twenty years the spade and the mattock will have captured millions of acres and bound them tight to the Chinese system in bounteous crops; and much of the harvest of these fields will be available for export. Thus a wheat-belt, contemptuous of political and geographical labelling, will grow up in these latitudes to be almost as remarkable as the Canadian North-West or the ever-expanding West Siberian grain districts; and this belt will be exploited in times of stress by those who, without possessing any legitimate right of eminent domain, have their money-bags lying ready and their soldiers in the immediate background."

Every bushel of wheat grown at present finds a ready market not only at home but also in Eastern Siberia, where climatic and other conditions are not so favourable to the cultivation of land on an extensive scale. Moreover, the spread of Western influences in China and Japan is gradually producing a marked change in the dietary requirements of the people. The consumption of flour is daily increasing, and milling is an industry of no little importance. Opinion is unanimous that Manchuria is destined to become the granary of the Far East. Before that day arrives, however, the primitive methods of cultivation that are now in existence must give way to modern methods, and adequate communication by road and rail must be provided.

# LV

## AGRICULTURE AND RESOURCES

It is estimated that the amount of arable land under cultivation in Manchuria is little more than one-fifth of the total acreage available. For many years the Chinese Government, fearing frontier complications with the Russians, discouraged emigration to the north. Consequently it is the territory adjacent to Siberia that shows the least signs of agricultural development. In these parts the traveller may journey for many miles at a stretch without meeting with human habitation, for the country is mainly peopled by nomad tribes who depend for a precarious living upon the products of the forests and rivers. Of the three provinces that constitute Manchuria, the northern territory, Hei-lung-chiang, is the largest; it is indeed sufficiently extensive to contain both Kirin and Shengking, the middle and southern provinces. Owing to the absence of an adequate population, however, its enormous resources have been sadly neglected. Kirin, the province which lies to the southward of Hei-lung-chiang, has been developed to a greater extent, but even here it is estimated that one-half of the land remains untilled. The southernmost province, Shengking, alone shows signs of a widespread agricultural prosperity. Proximity to the sea, which has facilitated a steady flow of immigration, and superior climatic conditions, have been largely responsible for the rapid progress that has characterised its development compared with that of the rest of Manchuria. It is in Shengking that Japan's influence is predominant, and under her guidance the province may confidently be expected to increase materially in prosperity, though whether the natives will be permitted to enjoy an equitable share of the fruits of their labour and of their land is a matter open to serious question. As far as opportunities for early development are concerned, the Japanese have




SKETCH MAP SHEWING THE RESOURCES OF MANCHURIA

certainly secured a firm foothold in what is undoubtedly the best cultivated province in Manchuria and one of the richest in the whole of China. Farther north the Russians have hitherto failed to take advantage of the wonderful resources of a country where their influence is, to all intents and purposes, as supreme to-day as it was before the war with Japan. The scarcity of native labour, no less than the lack of capital, to say nothing of the corrupt and inefficient character of the former Russian administration and the inferiority of the Russian individual as a business man, were among the principal factors which have retarded the cultivation and development of the territories adjacent to Siberia. In Shengking, however, the Japanese are in virtual possession of a province containing a population three times in excess of that of Hei-lung-chiang; where the area of cultivated land is comparatively large; where facilities for transport are superior to those to be found elsewhere in Manchuria; and where much of the pioneer work essential to the opening up of new territories has been accomplished by their predecessors, the Russians.

In spite of the fact that the area of land under cultivation throughout Manchuria is exceedingly small compared with the acreage available, the supply of labour is insufficient at harvest time. Consequently, every spring, 30,000 coolies flock into the country, the majority crossing over by steamer and junk from Shantung while the remainder enter on the land side from Chihli, the metropolitan province of China. Altogether it is estimated that in Southern Manchuria 10,000,000 acres are under cultivation, but of that total only 5,835,000 acres are situated within convenient reach of the railway. It will be seen at once that the further development of agriculture in Southern Manchuria will be solely dependent upon the extension of railway communication. South of Changchun there is practically no land available for cultivation within easy reach of the existing system. There are tracts in Mongolia that will doubtless be developed in the near future, but it is extremely problematical whether these will be in sufficient proximity to the South Manchuria Railway to render that system of service in the transportation of products.

Until within recent years sixty per cent. of the land under cultivation was devoted to *kaoliang* which, besides providing the staple food in Manchuria, supplies among other things an alcoholic drink, thatching for houses and barns, matting for summer sheds and winter floors, screens to protect the farmer's dwellings from the icy blasts of winter, and fuel to cook his food and warm his hearth. There is probably no other plant in the world that can be put to so many uses as the *kaoliang*. The stubble and roots are dried and preserved for fuel; green blades are gathered just before the grain is ripe, and these are stored for winter fodder for donkeys and cattle; and only recently, as a result of Japanese experiments, it has been found that the stalks which, as already mentioned, provide building material, can be used in the manufacture of a paper of satisfactory quality. On small farms *kaoliang* is sown for several years in succession, but as each harvest leaves the field bare, thus impoverishing the soil, it is found advisable to change the crop periodically. On large farms, however, crops are sown in annual rotation, and *kaoliang* is only cultivated every four years, the land during the intervening seasons yielding beans, rice, barley, or wheat.

The most important product of Manchuria is the *soya*-bean, which together with its products the bean-cake and bean-oil, forms the principal export. The bean can be grown throughout the vast region stretching from Dalny to Harbin. In this respect Manchuria possesses a valuable advantage over other agricultural territories. In the United States, for instance, the crop cannot be produced successfully outside what is described as the "cotton belt." At present the bulk of the yield in Manchuria is largely derived from the south. An interesting calculation concerning the possibilities of the extension of the area of bean crops was incorporated in a recent consular report. "Of the total area of South Manchuria," said the writer, "some three-tenths have been planted with beans, which would produce altogether in an average year 1,200,000 tons. But, of the 10,000,000 acres available, only about 5,835,000 acres are near at hand to the South Man-

churia Railway, and of this roughly 1,750,000 acres are under bean cultivation, producing annually some 700,000 tons. Of the remaining 4,145,000 acres under cultivation about 1,250,000 acres are planted with beans, producing annually about 500,000 tons. This product is from districts some distance from the line and from those west of the Liao River, which are included in the total of 10,000,000 acres given above. After the necessities of the various districts have been satisfied, the surplus is available for the export of beans and bean-cake. New lands available for cultivation, as previously stated, amount in area to 2,500,000 acres, and taking that part of it which would be planted with beans at 750,000 acres, the production would be 300,000 tons. Beans brought to the south are those grown in the Suan-chen-fu and Petuna district. The cultivated area in these districts is over 1,150,000 acres, and the production from three-tenths of this would be 133,000 tons. Beans from Takia, which is one of the newly opened up districts, are sent to Changchun, and it may be reasonable to suppose that they will continue to be sent to that place. But, should the exports to Europe increase, it is possible that they may be sent to Harbin. It simply depends on the market price and freight rates. The land in Yo-nan-fu and the three neighbouring districts has not yet been brought under cultivation. If it were, part of it, about 500,000 acres, will be in connection with Changchun, and the beans will be sent there. As regards the remaining parts of these districts it is not yet certain whether beans, if grown, will be sent to Changchun or to Niu-chwang, *viâ* Fa-ku-menn. It will depend on the varying financial and commercial conditions which may arise in future, and it is difficult to say beforehand how much will go to Niu-chwang and how much to Changchun. From the Petuna and Suan-chen-fu districts some 130,000 tons may be expected, but it is doubtful whether the total produce is sent down to South Manchuria. To summarise: besides the beans destined for Niu-chwang, there can be accumulated along the railway 600,000 tons from South Manchuria, 300,000 tons from the newly cultivated districts, and 130,000 tons from the Petuna and Suan-chen-fu districts, a total of

1,030,000 tons. These figures, however, are estimated by allowing rather a large area for the planting of beans and good harvests in ordinary years. Of the total amount, some will be consumed in the places where they are produced and some sent to other districts, so that the quantity of beans sent over the railway will be less than the above estimate. The figures are given merely to present an indication as near as possible of the total production of beans in the railway districts and the neighbouring lands. Finally, beans which used to go to Niu-chwang, apart from those produced within the Niu-chwang district itself, are gradually being sent to Darien instead. This tendency will grow in future, but its increase is limited, as the beans produced in the Niu-chwang district proper will never be sent to Darien. It will be as well not to believe that the Darien bean trade will go on increasing without any limit, simply because affairs are in a flourishing state at present. If the demand for beans increases, the production will increase in the north rather than in the south, and more especially in the newly cultivated lands of the Amur district, from Merkon to the north bank of the Sungari, which has an area of about 6,665,000 acres, of which one-quarter is cultivated."

In the Far East the beans have many uses. As a foodstuff they are made into a sauce, called soy, a paste which is eaten with meat, fish, vegetables, &c., a beancurd, and a kind of flour. The oil that is extracted from the beans is used as a substitute for lard, and also as an illuminant. Bean-cake, which is the residue after the oil has been extracted, is employed as a fertiliser and for cattle-food.

In November, 1908, there was an important development in connection with the industry. As the result of a trial shipment of *soya*-beans to England interest was stimulated, and a large consignment was immediately ordered. During the season of 1909 nearly 400,000 tons of beans were exported to England, where, in many of the large crushing mills, they entirely superseded cotton-seed, linseed, and other oleaginous seeds. One of the principal uses to which the oil is applied in Europe is in soap manufacturing, in which industry it is used as an alternative to cotton-seed oil. It is also employed in the manufacture of various edible goods,

and of paint, lighting, and lubricating oils. For the purposes of cattle fodder there is an increasing demand for bean-cake, not only in England, but in Holland, Denmark, and Canada.

Cake manufacturers at Hull stated that experiments with the beans were "eminently satisfactory," and the *Eastern Morning News*, a local newspaper, mentioned that the *soya* cakes made in Hull from Manchurian beans were tested by a practical and scientific dairyman in the East Riding, who reported that one cow, set aside for the purposes of the test and fed with half a cake a day in addition to other food, yielded an increased quantity of milk daily and was much improved in general condition. "The development of Manchuria," added the journal, "promises to revolutionise what is an important industry in Hull. Practically an unlimited supply of the beans can be obtained, enormous tracts of land in Manchuria and China being under cultivation. Besides making a more nutritious cattle cake, it will be cheaper than the ordinary oil-cake, and if the development is a success, as there is every reason to suppose it will be, the Japanese will develop Manchuria and produce still larger quantities for the English market. What it will mean to Hull alone is that this new source of supply will be available in the seed-crushing trade when other classes of seed are scarce, and the mills will therefore be able to continue running uninterruptedly." Experimental consignments of beans were also ordered by firms in Scotland and Lancashire, and tests in crushing-mills indicated that they were of practically the same value to oil-cake makers as Bombay cotton-seed. Since then an enormous market for Manchurian beans has been found in all parts of the world. It is a matter for some surprise that home manufacturers did not before make the discovery that a territory in the Far East was in a position to supply them with raw material possessing, in many important respects, superior advantages over that obtained from other countries.

At present little wheat is grown in Shengking, but the acreage under cultivation shows a tendency to increase as a preference for wheaten foods becomes more general among the native population. A number of mills have been estab-

lished in the country, but so far the products of these have not been able to compete with the American and Harbin brands. This circumstance is attributed to the difficulty of overcoming the conservative character of native taste, a difficulty always experienced in introducing a new article to China. The principal reason for the failure of local enterprise is to be found in the fact that, owing to primitive methods of harvesting and caring for the grain, the flour produced is inferior not only in quality, but also in yield. If Manchuria is to become a great grain-growing country, the present methods of agriculture must be modernised. In tilling the soil the farmers are using to-day implements of a pattern that dates back to remote ages. They are, however, beginning to realise that wheat-growing is an enterprise more profitable than the cultivation of home cereals; and as the prosperity of the country increases by means of the spread of international intercourse and commerce, they will doubtless not lack expert assistance to teach them the most scientific methods of crop raising. Professor Edward C. Parker, who established the Government Agricultural College and Experimental Station at Mukden, came to the conclusion, after a careful study of local conditions, that the potential wealth of Manchuria lies to a far greater extent in the soil than in either timber or minerals, and he urged that Government demonstration and experiment farms should be established in all important regions, and efforts made to interest the farmers in simple machines, such as ploughs and seed-drills, and in better methods of cultivation.

There are few products of agriculture that will not thrive in the fertile soil of Southern Manchuria. Recent reports of an official character state that with good seed and intelligent husbandry Indian corn could be made a more profitable crop than is either the *soya*-bean or the *kaoliang*, that there are great possibilities in the beet sugar industry, and that the soil is capable of producing large quantities of excellent fruits. Moreover, Southern Manchuria possesses all the natural advantages that are necessary to a stock-raising country; but at present the farmers pay little heed to the breeding of live-stock, a lack of enterprise which only education and official encouragement can remedy.

The production of raw wild silk in South-eastern Manchuria is an industry of growing importance, the annual value of which at present is estimated at considerably over £300,000. The whole area south of Huaijen is devoted to the rearing of silkworms, the finest specimens being produced in the Fenghuang district, where the hills, thickly wooded with young oak trees, afford excellent pasture. The wild silk is reeled in the village homes and in the filatures at Antung. Preparatory to this process, however, and in order to impart a lustre to the finished article, the cocoons are soaked in hot water to which is added a quantity of crude soda. It is indicative of the thrift practised in China that even the worm inside the cocoon is not wasted, but is actually used as an article of food. The product of the raw silk is marketed in the form of thread, cocoons, waste, and cloth. Little cloth is manufactured on the spot, the thread being exported to Shanghai, where for the purpose of weaving it is distributed to various ports in China.

The demand for the wild silk of Southern Manchuria is rapidly increasing, and fortunately the hillsides are sufficiently expansive to permit of increased production. According to an estimate furnished by the American Vice-Consul-General at Mukden, two recent inventions in bleaching and spinning will before long result in wild silk reaching a market value only 20 per cent. less than that enjoyed by the white kind. The improvement of the Antung-Mukden railway and other communications now in progress will also tend largely to facilitate this development.

To a large extent the future development of agriculture in Manchuria will centre in the northern territories. Mr. Putnam Weale, who has made a special study of conditions in these regions, rightly points out that the real conquest of the country is not being effected by the Russian railway for the benefit of the Russians, but is slowly being brought about by the indirect agency of that railway for the direct benefit of the Chinese—a very different thing. "Three years ago," he adds, "before the war, Chinese cultivation began to cease twenty or thirty miles immediately west of the Sungari river. It continued, it is true, in patches for some miles farther on; but these patches belonged to squatters who were just begin-

ning to come into the country; and Chinese villages, those signs that immovable ancestor-making of the type so abundant in the eighteen home provinces is about to commence, had quite ceased. This condition of things is already completely changed. In three years the cultivated belt has been advanced many miles, and is still every month progressing farther and farther to the west. The Tartar General at Tsitsihar, the nominal ruler of these 140,000 square miles of province, an area many times as great as England, has been aiding this work to the best of his ability. During the past year his deputies have been continually sent into the thickly populated portions of Kirin province, and have already induced many thousand Chinese families to emigrate *en masse* to the country west of the Sungari. This policy will be steadily persisted in—it is the only step the Chinese can take; and although funds are unfortunately not sufficient to permit of hundreds of thousands of people being systematically brought in from the densely-populated provinces of North China, as should be done, Kirin province will be drawn on by Hei-lung-chiang year by year in a constant effort to populate—and therefore to regain—an untamed territory."

The building of the Amur Railway will attract capital and labour not only to Siberia but to the neighbouring territories, and the construction of a line from Aigun through Hei-lung-chiang—destined sooner or later to be undertaken—will lead to the opening up of the vast and lonely territories of the far north. As recently as three years ago, it was estimated that only 13,000 square miles in Northern Manchuria were under cultivation, the average harvest being divided approximately as follows:—

| | Bushels. |
|---|---|
| *Kaoliang* | 43,670,000 |
| Millet | 42,230,875 |
| Beans | 33,695,375 |
| Wheat | 30,420,125 |
| Barley, Buckwheat, Indian corn, &c. | 27,194,500 |
| Total | 177,210,875 |

It was little wonder that the attention of the Russians was turned towards the vast and fertile plains drained by the Sungari and its tributary the Nonni. As soon as Chinese settlers made their way north the land began to yield abundantly. So prolific were the harvests that after all home demands had been supplied, and even the pigs fed with grain, the native farmers were compelled to destroy the residue in order that they might obtain a clearing for the sowing of new crops. Cargoes were sold along the Amur at prices so absurdly cheap as to suggest to Russian capitalists the excellent prospects that awaited a flour-milling industry. The construction of the Manchurian railway, and the foundation of the wonderful city of Harbin in the heart of the Sungari plains, gave Russia an opportunity of controlling the great wheat-producing territories of Manchuria. At the beginning of the war with Japan there were in operation at Harbin nine steam flour-mills capable of producing 1,700,000 lbs. of flour per twenty-four hours, and at other places on or adjacent to the railway another nine mills with a capacity of 1,458,000 lbs. per twenty-four hours. When peace was concluded these mills were capable of supplying the whole of the Russian army in Manchuria, considerably over a million men, with daily rations of flour. So long as the war lasted the mills were in a flourishing state, and it was due to this circumstance, as well as to the expenditure on account of army commissariat in other directions, that Harbin and the surrounding country attained to such a high degree of prosperity as that experienced during the closing months of 1905.

When, however, twelve months later, the writer passed through the town, he found conditions altogether changed for the worse. The war had given a false stimulus to the trade of the town. Large stocks of goods, accumulated in anticipation of the prolongation of operations, caused a serious glut, and all trains proceeding westward were thronged with merchants and petty traders anxious to escape from Manchuria while still retaining a remnant of the fortunes made during the campaign. The town itself wore an air of unmistakable dejection. But a few months before, a scene of glitter and gaiety amid a field

stricken with the desolation of war, it was now suffering all the bitterness of financial reaction. The grand army and those princes of camp followers, the wealthy contractors, had long since left for home, and with them had departed the money. Thus the millions of roubles expended by the Government in Harbin during the war returned again to Russia as soon as the conflict was at an end. And Harbin almost immediately sank back into its true place and its true significance—a city of noble proportions set down in the plains of Manchuria hundreds of miles distant from the nearest outpost of civilisation, the landmark of Russian policy in Eastern Asia. The *cafés chantants*, a few months previously thronged with wealthy audiences who, literally speaking, scattered their roubles broadcast, were now patronised by commonplace people who disgusted the waiters by their display of caution in counting change. At the Italian opera I found myself one of an audience of twelve, four of whom were my companions, while the next evening, at the theatre, I was one of a very select assembly of three. When darkness fell the streets were haunted by evil-looking characters, and encounters between armed desperadoes and passers by were of no uncommon occurrence.

Harbin is dependent for its prosperity mainly upon its flour-mills. Without these it would be little more or less than a railway settlement in the backwoods of China. It is, however, notorious that until recent years the Russians mismanaged their mills, and that in consequence the cost of production was excessive. Nearly all undertakings are still heavily indebted to the Russo-Asiatic Bank and other financial institutions, and time must elapse before they can redeem these obligations. In view of all the circumstances it may be urged that the policy of Russia in building so large a city as Harbin in the midst of the Manchurian plains was, to say the least, extravagant. But it must not be forgotten that Harbin is an important railway junction, and that, at the time of its foundation, was intended to be the capital of a vast territory stretching from the Siberian frontier to the southernmost limit of the Kwantung Peninsula, —a territory which, had it not been for the disastrous results

of the war with Japan, would undoubtedly have become known as Russian Manchuria. In spite of the fact that the southern area of the country is at present more prosperous than the northern, it cannot be denied that the Russian sphere of influence contains resources that promise enormous wealth in the future.

The stream of Chinese settlers northwards to the Sungari plain—the real heart of Manchuria—is continuous, and as the acreage of land under wheat cultivation increases, prices will of necessity decrease, thus enabling flour-mills to be conducted at substantial profits. Already there are not wanting substantial signs that these undertakings have "turned the corner." The annual output is increasing by leaps and bounds, and in 1910, while meeting the local demand, they were in a position to export over 1,000,000 cwts. of flour into Russian territory. Experts estimate that it is possible to increase the present production of wheat in Manchuria from 10,000,000 bushels, the present yield, to no less a total than 300,000,000 bushels per annum, and that, even with the present primitive methods of agriculture employed by the natives, the land of the Sungari region alone could be made to yield sufficient grain to provide for an export trade in flour. Thus when the day comes that modern implements find favour in cultivation, the prophecy that Manchuria will become the granary of the Far East may be measurably near fulfilment. That the Chinese themselves are at last alive to the agricultural possibilities of Northern Manchuria is evident from the steady increase in the number of settlers. Hitherto the shaping of Russian destiny in this region has proceeded along lines of high policy, and commercial interests have been neglected. In the building of railways and the founding of cities, the skeleton of Imperial expansion has been provided. But more than this framework is needed. The enduring substructure of commercial prosperity is essential to political stability. From time to time there have been rumours that Russia intended to sell to Japan her portion of the Manchurian railway, and to retire across the Amur. An interesting deduction may be drawn from the fact that the source from which these rumours originated was Tōkyō.

In concluding peace with Russia, Japan sought, without success, to obtain possession of the railway as far north as Harbin, and no one acquainted with the inner workings of Japanese policy can deny that it will eventually aim at an extension of influence from end to end of Manchuria. It is altogether inconceivable that such a policy could be fulfilled without another successful war.

If Russia encourages the development of the rich plains of Sungari, she will become a formidable competitor in the wheat and flour markets of the Far East. In other words, she will occupy a position of unquestionable supremacy in a country the agricultural resources of which have been likened to those of Canada and of the grain-growing States of America. The consolidation of her position is essential to strategic freedom. In time of war the plains of the Sungari would become the granary of the army. The surrender of political influence in this region would mean the establishment of a self-supporting Japanese colony adjacent to the domains of Russia. But it is palpable that such a policy as that involved in the sale of the railway by Russia would be suicidal to her interests in Eastern Asia, and there is not the slightest evidence to show that she has at any time seriously contemplated a departure of this kind. On the contrary, the building of the Amur railway and the State-aided emigration to Siberia on a large scale—emigration which will undoubtedly have the ultimate effect of diverting attention and activity to Northern Manchuria—are proof that Russia is determined to strengthen her position. Only a year after the war I found that high officials in Harbin were fully occupied with plans for the future. They had forgotten the unfortunate incidents of the past, and were wholly engaged in discussing schemes for the future development of Northern Manchuria. A general, who held responsible office in the Administration, emphatically declared to me that the result of the war had not altered in any single detail the position of Russia in this region; that she meant firmly to maintain the rights conceded to her by China; and that all suggestion of her retreat beyond the Amur was merely idle rumour. In spite of the prevalent depression, I found that building operations were every-

where in progress, and that, as far as the Administration was concerned, active measures were being taken, not only to repair the evil effects of the war, but, as I have already said, to elaborate important schemes of future development.

In discussing the agricultural conditions of Northern Manchuria, it has been necessary to allude to the political situation, for the reason that the plains of the Sungari are coveted territory, the exploitation of which is of first international importance. In a country divided into spheres of influence, and possessing a native population with a tendency to increase on a large scale, no alien nation can retain a firm political foothold unless it has valuable commercial interests, and is represented by hardy and enterprising settlers.

The Japanese are systematically colonising Southern Manchuria, a circumstance that must inevitably be a matter of some concern to Russia. The Chinese themselves are finding that the rich soil of Northern Manchuria offers an alluring ground for emigrants from other parts of the Empire. This second circumstance is not necessarily opposed to Russian interests. Assuming, however, for the sake of argument, that their presence is undesirable, Russia can have no just cause to complain, for the sovereignty of Manchuria is still nominally vested in China. For the time being, the advent of Chinese in large numbers should tend to the advancement, rather than otherwise, of Russian prosperity. It will provide the cheap labour essential to the production of cheap grain, and this in turn is needed for the manufacture of cheap flour, by means of which the markets of the Far East can alone be captured.

The immediate source of any menace that may exist to the political predominance of Russia is to be looked for in the regions farther south. Consequently, security in Northern Manchuria can only be maintained by the establishment of sound manufacturing undertakings, and with these the employment of Russian settlers. In short, Russia must display as much business-like activity as that which the Japanese, in the short period of their occupation, have inaugurated in Southern Manchuria.

# LVI

## TIMBER, MINERAL, AND OTHER RESOURCES

WHILE, owing to the immensity of its fertile plains, the possibility of Manchuria becoming one of the granaries of the world has been discussed at length, it must not be imagined that its prosperity is altogether bound up with agriculture. It will in the future undoubtedly hold a place of importance among the great timber-producing countries of the world. The whole region between the systems of the Yalu and Hun rivers, known as the Laoling range, is one vast tract of dense forest land, and the belt of timber extends in unbroken succession through the province of Kirin and the basin of the Sungari far north over the Changpai mountains. In Hei-lung-chiang there are millions of thickly wooded acres; and the lumber industry in which both Russians and Chinese engage, flourishes within easy distance of the railway and of Harbin. It is, however, largely on account of the great forest lands in the basin of the Yalu that the attention of the world has been attracted to the timber resources of Manchuria. In fact, it is a matter of common knowledge that the Russian exploitation of these forests was one of the principal causes that led to war with Japan. The Chinese themselves, in this as in all other parts of the country, have neglected the opportunities offered by their native soil, and it is on record that they have actually been so short-sighted as to import sawn planks of Oregon pine into Antung, a port which taps the Yalu forests, where all kinds of pine are to be found in abundance. In October 1908, in accordance with terms of working regulations signed at Mukden in the previous month, the Sino-Japanese Yalu Forestry Company began operations on a strip of territory twenty miles wide. The agreement which led to this active co-operation was signed only after a long period of negotia-

tion, the devious course of which is described elsewhere. The main clauses provided that the two Governments were to appoint officials to establish a Company, that the capital was to amount to £300,000 contributed in equal shares by the Chinese and Japanese Governments, and that, after the lapse of one year, the undertaking was to be handed over to an association of merchants, and the capital belonging to the Governments withdrawn. Furthermore, it was stipulated that the Company should control the sale of all the timber of the entire Yalu basin including the Hun River, but that outside the special area reserved for its exclusive working private enterprise could continue operations, subject to restrictions regarding sale imposed by the Company.

The principal kinds of timber produced in the Yalu basin are pine, fir, larch, walnut, cassia, oak, and elm; and the average annual output of all these varieties is estimated in value at something less than one million sterling. The present products are inferior in quality, but it is confidently expected that with the improved methods that are in contemplation all cause for complaint on this score will be removed. The Japanese have established a number of saw-mills, and several schemes are on foot having for their object the erection of paper-mills. At present, the lumber industry, with its subsidiary enterprises, is only in its infancy, but it is the opinion of many competent judges, including the British Consul at Antung, that under the management of the Japanese the products of the Yalu forests will take the prominent place they deserve in the markets of the world.

Among other openings the trade in furs is one that offers profitable opportunities to foreign merchants. A report prepared by Mr. George Marvin, at the time Deputy-Consul-General for the United States at Mukden, contains the most reliable information available on this subject, and is therefore worthy of quotation at some length:—

"Mukden has for many years," says the writer, "been one of the three most important centres of the fur trade in China. Its geographical situation in the centre of the three most northern fur-producing provinces, in former times the converging point of the chief cart-roads of central Manchuria and now the junction of four lines of railway, as well as its

political and commercial importance as the seat of Manchurian government and the largest city in population, have combined to make it such a centre. In addition to this geographical and political importance, which makes the city a market for general trade, Mukden provides one of the best tanning and curing establishments in the East. Raw skins brought here from the north are dressed and cured in the forty tanneries of Mukden, and in the local fur shops made ready not only for the local trade but also for trans-shipment to Tientsin and Shanghai, the chief fur markets south of Manchuria. A large part of the local fur-dealing industry consists, after the skins are tanned and cured, in assembling them in shapes and sizes corresponding to the Chinese short outside jacket or long coat. In the work of thus matching and combining skins the Chinese are very skilful. In winter, throughout the cold latitudes of China, the Chinese of all classes wear fur, wool, or hair-lined garments. Even the coolie labourers have their sheep or goat skins, and people of the middle and official classes have many sets of garments lined with the richest furs. In China houses are rarely heated to the winter temperatures of European or American interiors, and in consequence fur-lined clothes are worn indoors as well as out. Accordingly there is annually an enormous demand in Mukden for furs actually used by the native population or marketed by local retailers over the province. As a distributing centre for the fur trade, Mukden is also important. Large shipments are made every winter to Shanghai *viâ* Niu-chwang, and smaller shipments to Tientsin, which depends chiefly for its supplies upon Mongolian fur districts. Buyers from the southern ports occasionally come to Mukden, but the chief trade is done either through agencies at the ports or by sale direct to the retailers there. Several Mukden fur dealers have expressed a desire to deal direct with foreign agents, but although buyers of European fur houses come now to Tientsin and Shanghai, none as yet have tried to reach Mukden markets direct. The furs sold on the Mukden market come chiefly from the two more northern provinces of Kirin and Hei-lung-chiang; of these there are more than ten different kinds. Tiger, leopard, wolf, white fox, and mountain badger come from Hei-lung-chiang; yellow

fox, grey squirrel, and other small species of animals from Sansing, Hei-lampo, and Ninguta in the Province of Kirin. The Province of Shengking or Fengtien, of which Mukden is the capital, produces only mountain goat, deer, sheep, dog, and one or two other kinds of skins. Cat and dog skins are used extensively, and the latter are valued highly enough to justify the establishment at various places in the province of dog farms. From Mongolia come cow and sheep skins. Practically all of these furs and skins are imported into Mukden in the raw state and are tanned locally."

Although it cannot be said that the mineral resources of Manchuria have as yet been seriously exploited, the results already obtained from the working of gold, iron, coal, and soda, together with the knowledge that there are in existence rich deposits of silver, copper, and lead, fully justify the belief that there is almost untold wealth beneath the soil of this vast territory. Sir Alexander Hosie was impressed with the evidences of mineral wealth which he found in all parts of the country when he made his extended tour some few years ago. "Gold is widely distributed throughout the three provinces of Manchuria," he wrote subsequently in his well-known book, "but the richest deposits are found in the far north on the right bank of the Amur, the dividing line of Manchuria and Siberia. Indeed, a fellow-passenger, a distinguished mining engineer, informed me that the conglomerates which we saw in several places on the banks of the Upper Amur are exactly the same formation as at Johannesburg. In Feng-tien gold is known to exist at two places in the Liao-tung Peninsula, in the east near the city of Tung-hua-hsien, and a few miles to the north of Mao-erh-shan, between the Yalu River and the Chang-pai-shan mountains. In Kirin it is found forty miles to the north-east of Hun-chun, near the Russian frontier, in the bed of a tributary of the Tumen, still further north in the valley of the Sui-fen River, which flows into the Amur Bay on which Vladivostock stands, sixty-five miles west by north of Hun-chun in another tributary of the Tumen, on the banks of the Upper Sungari and its tributaries, and seventy miles to the east of Sansing—a town at the junction of the Sungari and the Hurka or Mu-tan River—near the headwaters of a

river which flows into the Sungari to the north of that town. In the Hei-lung-chiang Province I noticed between the mouth of the Sungari and Blagoveschensk, and on the right bank of the Amur, the gold-mining camps of Tai-ping-kou, between the Russian villages of Hingan and Pompeevka on the opposite bank, and at Kuan-yin-shan, opposite Raddevka. There is another Chinese mining camp fifteen miles north-west of Blagoveschensk, and forty miles east of the junction of the Shilka and Argun is Mo-ho, the most important mining camp in Manchuria, on the right bank of the Amur, about a mile above the Russian village of Ignashina or Ignatina. The mines themselves lie twenty-three miles inland. Here rich deposits of gold are found in the bed of a small tributary of the river which joins the Amur below Albazin. I visited the camp at Mo-ho, but the information which I collected there was very conflicting. Gold is also washed in the beds of the Arakan, which joins the Argun thirty-five miles south-west of its confluence with the Shilka, and the Urgi, a tributary of the Kang, which enters the Argun between Staro- and Novo-Tsuruhaitu. Gold is no doubt found in other parts of Manchuria, but the above are the best known centres." Other authorities, as a result of investigations in Manchuria, have also come to the conclusion that the country is rich in mineral deposits. Mr. J. B. Suttor, the Trade Commissioner representing New South Wales, who made a tour in 1908, submitted to his Government an exceedingly favourable report, from which I take the following extract: "When at Mukden I had the pleasure of meeting an old Australian friend who is a mining engineer, and who has recently visited many parts of Manchuria. At the time of meeting, my friend informed me that he was then on his way to bring a party of English mining experts to examine undeveloped country in the south-east, to the north of Korea, and on the watershed of the Yalu. I inquired as to whether the minerals were as rich as represented, to which he replied that many of the mining concessions were over-estimated; at the same time, the future was likely to reveal great developments . . . Under settled conditions, it would appear that prospects are very encouraging, and that Manchuria will yet produce a vast amount of gold, silver, lead, and copper. The gold so

far obtained is from the alluvial deposits, principally in the far north and on the Amur and Sungari rivers, and is spoken of as fairly coarse, but not found in large nuggets. Iron, coal, and soda are extensively worked. The iron deposits are about forty to fifty miles to the north of Mukden, and would appear to be extensively worked in quantities to meet local requirements, but not, as yet, for export, owing to the lack of facilities. In the southern portion of the north-western province of Hei-lung-chiang, large quantities of soda are obtainable and exported in cakes to Southern Manchuria and other northern parts of China, where it is extensively used in dyeing establishments, and also to dissolve the gum of cocoons in connection with silk reeling."

Another statement of equal interest and authority is that to be found in a recent report by Mr. Charles J. Arnell, the American Vice-Consul-General at Mukden. "The latent resources of South-eastern Manchuria," he writes, "are minerals, which are believed to be valuable, and may in time become the most important output of this region. Gold, either quartz or placer, has been found here and there throughout the whole territory; silver is present principally in the vicinity of Fenghuangcheng, Tsaohokou, and Saimachi; and valuable copper deposits have been discovered near Tunghuahsien and Maoerhshan. Large beds of anthracite coal in the region of Penhsihu, and others of a quality not yet determined at various other points, contain the necessary supply of fuel for the operation of smelters, which may in the near future be established in connection with gold, silver, and copper mines." It is only within the Japanese sphere of influence—Southern Manchuria—that mining developments are at present in progress on anything like an enterprising scale. When the Russians were in occupation of this territory they paved the way for these developments, but so far they have not recovered sufficiently from the disastrous effects of the war to enable them to begin serious exploitation in the far north. Japan has not been slow to take full advantage of the valuable mining rights conceded to her in the provisions of the Portsmouth Treaty. The Fushun and Yentai coalfields are to-day regarded as the most profitable of all the various undertakings conducted by

the South Manchuria Railway, and it is expected that the total output from these two mines will eventually reach 5000 tons daily. The Fushun mine, which is at present producing 1500 tons daily, is undoubtedly one of the richest coalfields in Eastern Asia. Seams of 50 and even 100 feet of coal of excellent quality have been found, and it is estimated that the total deposits available for exploitation amount to considerably over 400,000,000 tons. The nearest port of shipment is Yingkow, situated 136 miles away. Dalny, the Kwantung port, is 271 miles distant. Improvements in wharfage and storage are now in progress, which will render Dalny one of the principal coal depôts in the Far East. In view of the competition existing between the two ports of Southern Manchuria, the opinion of Mr. Kondo Rempei, the President of the Nippon Yusen Kaisha, in regard to the possibilities of sharing the coal trade is of special interest. "One fact which ought to be noted," he said, "is that differences in distance by sea do not affect the cost of freight so much as on land. For example, the distance between Tairen and Chemulpo is 290 miles, and between Yingkow and the latter 438 miles, a difference of 148 miles, while the difference in freight per ton amounts to only 50 *sen*. From this standpoint Yingkow has more advantages, but, on the other hand, she has the drawback of being icebound in winter and impossible as an anchorage for ships of big tonnage, while, on the other hand, if the wharfage arrangements are completed at Tairen, special facilities being provided for coaling, great economy can be effected in wharfage expenses and time. I see no reason why both Yingkow and Dalny should not be utilised for the purposes of exporting our coal." It is estimated that there will always be a local demand for at least half of the output of the mines worked by the South Manchuria Railway Company. The reduction of freight on that section of the Chinese Eastern Railway, operated by Russia, has led to Fushun coal being employed for industrial purposes in Harbin. Moreover, efforts are now being made to exploit the markets both in Shantung and in Southern China. Coal has also been found near the city of Kirin, but reports show that the quality is inferior to that of the Fushun mines.

Apart from the valuable properties secured by the Japanese in the form of the coal-mines operated in connection with the railway undertaking, it is evident that their powerful political influence will enable them to acquire a large, if not a preponderating, share in the development of other rich mineral fields of Southern Manchuria. At the present time efforts are being made to form an Anglo-Japanese Company for the purposes of exploiting twenty-eight mining localities, embracing an area of 1000 square miles, situated east of Mukden and north of the Yalu River, and served by the Antung-Mukden Railway which has recently been the cause of protracted diplomatic negotiations between Japan and China. It is alleged that Japanese mining engineers have valued the property at thirteen millions sterling, and a preliminary report states that while silver, copper, lead, iron, coal, asbestos, and crystal are believed to be obtainable, all indications point to the "existence of a large and important goldfield." The present political situation in Southern Manchuria, however, involving as it does what to all practical intents and purposes amounts to the complete commercial supremacy of the Japanese, will render difficult the course of any negotiations having for their object the employment of British capital in mining enterprise. That the country east and south of Mukden is gold-bearing cannot be doubted. In this connection Sir Alexander Hosie has quoted the following interesting extract from a letter written by a correspondent to the *North China Herald:* "We have a small Klondyke in Eastern Manchuria. In the spring of last year some travellers were seen in small inns to the east conveying several large bowls full of rich red gold. These travellers became so common that curiosity of the most eager kind was aroused. They were discovered to be hard-working farmers and farm-labourers in a certain valley where they had discovered the gold, and had quietly dug away without informing the authorities. The rush last autumn was so great to that particular place that the authorities soon heard, and therefore sent men there to keep order. It is said by spiteful dwellers in the East that far better order would be kept there if no soldier appeared. That, however, did not keep the soldiers back. Some of the more lucky made as much

as twenty Chinese ounces per day. It says a good deal for the wisdom of most of these men that when they had a few days of such work they quietly went away with their spoil to enjoy it. During the last three months of the season, preceding the hard frost, 5000 Chinese ounces of gold were reported. How much disappeared without such report my informants were unable to say. Some Korean labourers, who made as much as 200 taels in a fortnight, felt constrained to have a jolly time, and when the money was spent went to work again. This goldfield, the richest ever found in Manchuria, is on the western slope of a low hill, whose acclivity is so gentle that it is wholly cultivated. A small stream ran down its side, and laid bare a reddish yellow earth beneath the usually clay colour so general in our soil here. In this reddish earth was the gold found. A bowl full of that produced several ounces of gold. The gold is of the richest red variety, and commands the highest price of any gold in the market. Excitement is great and widespread. Though the course of that stream was barely the sixth of a mile (half a *li*) there were over 2000 diggers at work. There are twelve men to each claim—one to superintend, one to cook, and ten to work. They share equally. The claim is large enough to admit two men, one with a mattock, the other with a spade. But it is rather tight work for the two to stand there at one time. A great rush and much trouble are expected with the relaxing of the frost's tight grip. At present Chinese are not allowed even to go to look into the numerous pits. It appeared to me that there was no particular reason why the rich deposit should be confined to that small stream. The same soil and the same sub-soil are spread over a considerable area. In very many other valleys I have seen or heard of gold-finding, but none to compare with this particular place. In the others gold lies deep down among gravel; but in this it is in the rich yellow earth. Here is a problem. Such gold is usually described as having been washed away from some higher point, where time, the season, and the rains tore it from the grasp of its parent rock. Here there is no higher point; for the low hills run parallel with mountains of considerable altitude, but separated from them by valleys. The rock

must, therefore, have rotted away *in situ*, leaving the gold embedded in the earth, into which the rock became transformed. Rotten quartz abounded to the east of this gold-field. Externally a lump of quartz looked as quartz usually does, but when broken it was in almost every instance covered in the fracture with a rust-like colour."

The optimistic views of responsible Government officials, no less than the statements of commercial men of standing, make it clear that awaiting development in Manchuria are resources of enormous value. Nor are these resources necessarily restricted in character. Their variety may be judged from the following list compiled by the Japanese, showing the different business enterprises, for which in their opinions there are promising opportunities.

| | |
|---|---|
| Bean-oil manufacturing. | Canning industry. |
| Utilisation of bean refuse. | Silk spinning. |
| Silkworm raising. | Weaving. |
| Saké brewing. | Mining. |
| Salt refining. | Forestry. |
| Flax manufacturing. | Grain growing. |
| Flour milling. | Stock raising. |
| Tanning. | Marine industries. |
| Paper making. | Transit and carrying business. |

It only remains to be added that meat, food, fuel, and labour can be obtained in abundance, and that the average coolie can subsist on the meagre sum of five shillings monthly. That the Japanese have so far not failed to take advantage of the special position which recent political events has secured for them is evident from the fact that, since the war with Russia they have succeeded in establishing the following enterprises in Manchuria: 27 bean-oil factories, 16 brick factories, 8 lime factories, 1 cement factory, 10 ironworks, and 3 salt farms.

Further information concerning the commercial activity of the Japanese will be found in subsequent chapters dealing with international trade, in the course of which reference is made at length to the policy of the Open Door in its application to Manchuria. Since the Russo-Japanese war the situation has undergone many changes. The Portsmouth

Treaty no longer defines the *status quo*. Other agreements of international significance have been concluded, and both Japan and Russia have succeeded in materially strengthening their positions, the one in the north, the other in the south. In any review of the resources of Manchuria it cannot too clearly be emphasised that unless the Powers, other than those possessing political influence of a special nature, exert themselves in promoting the strict fulfilment of the doctrine of the Open Door, the investment of capital on a large scale can only be attended by disastrous consequences.

# LVII

## THE OPEN-DOOR POLICY RE-AFFIRMED

IN order that the reader may be in a position thoroughly to appreciate the present political situation in Manchuria, it is necessary to review the outstanding events of diplomatic significance which have taken place within the last few years. The fact has often been stated that since the conclusion of the Portsmouth Treaty both Japan and Russia have materially strengthened their positions. It is a matter open to serious question whether their gain has not been made at the expense of the rest of the Powers, and in opposition to the generally-accepted policy of the Open Door which should govern all international relations with China. On behalf of Japan it is urged that any advantages she may secure are merely in the nature of reward for her vast expenditure in blood and treasure; and that, moreover, she cannot afford to be altruistic in her methods so long as Russian policy in the north is conducted as it is at present. The relations of the Powers with China have been clearly defined in a series of recent agreements, and it only remains to be added that, beyond a recognition of the special interests of Russia and Japan in connection with the Chinese Eastern Railway and of the latter Power's leasehold possession of the Kwantung territory, there is no provision in these agreements which could possibly be held as excluding Manchuria from their operation. On the contrary, there is evidence to show that their special application to the Manchurian situation was in the minds of the statesmen who were instrumental in negotiating them. It must not be imagined that because Japan urges that she is in duty bound to make the most of her favourable position as a means of recuperating herself for losses during the war, and claims that her conduct must of necessity be regulated

to a large extent by Russian policy, that she is prepared to admit that she has departed in the least from strict adherence to the principle of equal opportunities for all nations. In view of this attitude, it is of special interest at the present juncture to summarise the provisions of recent agreements defining the policy of the Powers in regard to the situation in China generally, and therefore to Manchuria. As clearly set forth in the preamble, one of the principal objects of the Anglo-Japanese Alliance, which was renewed before the conclusion of the Russo-Japanese War, but which was not made public until September 27, 1905, was: "The preservation of the common interests of all Powers in China by insuring the independence and integrity of the Chinese Empire and the principle of equal opportunities for the commerce and industry of all nations." Article IV. of the Portsmouth Treaty stipulated that "Japan and Russia reciprocally engage not to obstruct any general measures common to all countries which China may take for the development of the commerce and industry of Manchuria." Two years later a series of understandings were arrived at reaffirming international adherence to the policy of the Open Door. On June 10, 1907, an agreement was concluded at Paris, the principal clause of which was as follows: "The Governments of Japan and France, being agreed to respect the independence and integrity of China, as well as the principle of equal treatment in that country for the commerce and subjects or citizens of all nations, and having a special interest to have the order and pacific state of things preserved, especially in the regions of the Chinese Empire adjacent to the territories where they have the rights of sovereignty, protection, or occupation, engage to support each other for assuring the peace and security in those regions, with a view to maintaining the respective situation and the territorial rights of the two High Contracting Parties in the Continent of Asia." A month later a convention between Russia and Japan was concluded in the following explicit terms:—

"Article I.—Each of the High Contracting Parties engages to respect the actual territorial integrity of the other, and all the rights accruing to one and the other Party from

treaties, conventions, and contracts in force between them and China, copies of which have been exchanged between the Contracting Parties (in so far as these rights are not incompatible with the principle of equal opportunity), and the Treaty signed at Portsmouth on the 15th of September (23rd of August) 1905, as well as the special conventions concluded between Japan and Russia.

"Article II.—The two High Contracting Parties recognise the independence and the territorial integrity of the Empire of China, and the principle of equal opportunity in whatever concerns the commerce and industry of all nations in that Empire, and engage to sustain and defend the maintenance of the *status quo* and respect for this principle by all the pacific means within their reach."

Finally, towards the end of 1908 Japan and the United States concluded an agreement having for its object the maintenance of the policy of the Open Door. Meanwhile the fact that an understanding of a similar nature was not arrived at between Japan and Germany gave rise to some comment; but a statement, which appeared to have semi-official authority, was issued at Berlin, to the effect that the attitude of Germany was clearly defined in the agreement concluded between Great Britain and that country in 1900, when Russian activity in Manchuria was at its height. In order that there can be no possible misconception concerning the unanimity of the Powers in their declared policy towards China, I append the Anglo-German agreement to which reference is made:—

"Her Britannic Majesty's Government and the Imperial German Government, being desirous to maintain their interests in China and their rights under existing Treaties, have agreed to observe the following principles in regard to their mutual policy in China:—

"1. It is a matter of joint and permanent international interest that the ports on the rivers and littoral of China should remain free and open to trade and to every other legitimate form of economic activity for the nationals of all countries without distinction; and the two Governments agree on their part to uphold the same for all Chinese territory as far as they can exercise influence.

"2. Her Britannic Majesty's Government and the Imperial German Government will not, on their part, make use of the present complication to obtain for themselves any territorial advantages in Chinese dominions, and will direct their policy towards maintaining undiminished the territorial condition of the Chinese Empire.

"3. In case of another Power making use of the complications in China in order to obtain under any form whatever such territorial advantages, the two Contracting Parties reserve to themselves to come to a preliminary understanding as to the eventual steps to be taken for the protection of their own interests in China.

"4. The two Governments will communicate this Agreement to the other Powers interested, and especially to Austria-Hungary, France, Italy, Japan, Russia, and the United States of America, and will invite them to accept the principles recorded in it."

Thus between 1905 and 1908 Great Britain, America, Germany, France, Russia, and Japan had reaffirmed their adherence to the policy of the Open Door: that this reaffirmation was the direct result of the Russo-Japanese War was substantial evidence that the Powers concerned had uppermost in mind the conditions existing in Manchuria and Mongolia.

In any consideration of the present situation in Manchuria the all-important fact becomes evident that the provisions of the Portsmouth Treaty can no longer be taken as defining the exact measure of the political influence enjoyed by Russia and Japan. It was the opinion of eminent jurists that the articles of this treaty were so loosely worded as to render it almost certain that, when convenient, diplomatists would find loopholes. At the present time, however, when the morality of international politics is at such a low ebb, it is difficult to see how, among nations, even the most carefully drafted agreement can prevent the strong oppressing the weak. Consequently it is not surprising that, whatever may have been in the minds of the statesmen responsible for the Portsmouth Treaty, Japan wields an influence in Southern Manchuria which is tantamount to exercising a protectorate. Whether or not this influence

can be reconciled with the letter of the peace agreement concluded between Russia and Japan is, after all, not so important as the undoubted fact that it is altogether opposed both to the spirit and to the letter of the various Conventions and understandings which have been arranged between Japan and all the leading Powers possessing important political and commercial interests in China.

The constant plea urged by Japan that her policy in the south is no more aggressive than that of Russia in the north cannot seriously be entertained. Apart from the circumstance that Japan has always posed as the champion of the Open Door, and that it was in consequence of this attitude that she gained the sympathy both of Great Britain and the United States, the mere statement that the policy of Russia is still exclusive in character and inimical to the interests of the rest of the world, even were it proved, does not warrant the claim advanced by our ally to immunity from censure when she, too, acts in defiance of the principle of equal opportunity. Were the rest of the world to look on patiently while Japan and Russia openly violated the solemn obligations of treaties, the one waiting for the other to set an example in honesty, the absorption of Manchuria would not long be delayed. Previous to the war Japan, anxious to gain sympathy in Europe and America, avowed her detestation of the selfish policy of Russia. She professed to be shocked at the mere thought that the integrity of China was endangered and the principle of equal opportunity impaired. In effect she said to the financial markets of London and New York: "If you will lend us the money we will readily sacrifice thousands of lives in waging a crusade against the wicked Muscovites, and should we gain the victory we will restore Manchuria to our old friend and neighbour, China, and thus render secure for all time the sacred doctrine of the Open Door." But after the battle was fought and won instantly she changed her attitude. "Surely you cannot expect us," she appealed, "to adopt a policy in the South more honest—or to speak with strict accuracy, less dishonest—than that pursued by Russia in the North. But we wish it to be clearly understood that as soon as Russia sets us an example in the fulfilment of treaty

obligations, we will follow." And finally, in her efforts to justify her attitude and her actions, Japan pleaded that as she had expended much blood and treasure she was entitled to make the most of her opportunities in Manchuria. The measure of the reward to which she is justly entitled is defined in the Portsmouth Treaty, and as far as Manchuria is concerned, beyond the possession of the leased territory of the Kwantung Peninsula and of the railway south of Changchun, she cannot lay claim to any privileges that are not common to the rest of the world. In the succeeding chapter the writer will endeavour to show that Japan has managed to secure for herself a position of preponderating power and influence, altogether opposed to the spirit of the doctrine of the Open Door. It may be urged that she has not acquired any privileges without first consulting China; but the question instantly arises as to whether the principle of equal opportunity, as set forth in the series of recent Conventions between Japan and the Powers, does not override any clause in any agreement between China and a single Power in violation of such principle. Moreover, it would be idle to pretend that all the actions of the Japanese in Manchuria which have been the subject of foreign complaint find sanction at Peking. On the contrary, there is every reason to believe that it is the weakness of the Central Government that has in a large measure emboldened Japan to pursue an exclusive policy. Whenever charges are made against her administration in Manchuria it is the custom of her apologists to reply that these charges are unaccompanied by exact details. As a matter of fact it is not always easy to obtain these exact details, for so devious are the ways of Japanese diplomacy that a considerable amount of ingenuity is displayed for no other purpose than that of covering up the tracks made by inroads through the Open Door. The writer has been at some pains to collect information from independent sources, and this, together with impartial personal investigation, goes to prove the assertion already made, that in all but name the Japanese position in Southern Manchuria is tantamount to a protectorate.

# LVIII

## THE POLICY OF JAPAN IN SOUTHERN MANCHURIA

So soon as the sword was laid aside both Russia and Japan became intent upon strengthening their positions within their so-called spheres of influence. There was considerable delay in the establishment of Customs at Dalny, and the Japanese consequently imported large quantities of goods, not only free of import duty but free of *likin* charges, to any part in the interior to which transportation could be effected by rail. To the protests of foreign merchants they replied that they were not prepared to sanction the establishment of Customs until a similar measure was taken in connection with the transit of goods across the Russian frontier into Northern Manchuria. This declaration was extremely significant, inasmuch as it was the first occasion since the war upon which Japan had openly admitted that her policy was regulated by that of Russia. In view of her former protestations, both during the period of hostilities and at the time of the peace negotiations, that she was alone animated by a sincere desire to see maintained the policy of the Open Door, her new attitude gave rise to unfavourable comment in the foreign press of China. It was pointed out that, as far as Great Britain was concerned, the Alliance was based upon implicit belief in the faith of her ally, and it was recognised that, were the policy of Japan in the south to be dictated by that of Russia in the north, there would be little incentive for either Power to adhere to the principle of equal opportunity.

The contention that the conditions at Dalny were comparable with those existing on the Russian frontier was ridiculed, for it was common knowledge that the volume of trade entering Manchuria through Russia was insignificant. Dalny, however, was an unfair competitor with Niu-

chwang, where a Customs tariff was in operation. The absence of duties at the former port, together with the restrictions placed upon foreign shipping, enabled the Japanese to import goods in sufficiently large quantities to permit not only of their underselling foreign merchants at the moment, but also of accumulating stocks which would enable them to retain an advantage some time after the establishment of Customs. Obviously here was a flagrant breach of the principle of equal opportunity, to which Japan had repeatedly and emphatically protested her strict adherence. The attitude of the Tōkyō Government was tantamount to a declaration that, where commercial interests were involved, Japan could not be expected to set an example to Russia, even though the issue at stake were the strict fulfilment of solemn treaty obligations. Previous to this incident there had been no more enthusiastic admirers of the Japanese than were the Englishmen resident in China. But when for the first time the exclusive character of Japanese policy was clearly revealed, there came a sudden change in sentiment, and as specific instances of further breaches of the policy of the Open Door were forthcoming it was realised that our ally, instead of proving herself a friendly and stimulating competitor, was resorting to methods as unfair as those employed by Russia in former times. In July 1906, Sir Charles Dudgeon, the Chairman of the Shanghai Chamber of Commerce, addressed a letter to the *doyen* of the Diplomatic Corps in Peking, in the course of which the following passage occurred: "It is unnecessary to point out to your Excellency the serious injustice to the general trade resulting from this unfair preferential treatment said to be given to Japanese goods entering Manchuria through Dalny, and the Committee of the Chamber trust that effect will be given to the suggestion made in the report, namely that China be urged to establish, as speedily as possible, a Customs station at Dalny for the collection of proper tariff duties. It would further seem desirable that the Chinese Government be urged to take the necessary precautions to prevent the illicit entry of goods into Manchuria over the Korean land frontier." It should be added that this communication was the sequel to a report prepared by a number of merchants who visited

Manchuria for the purpose of making investigation into the prevalent conditions. One of the party, Mr. C. W. Wrightson, in subsequently giving a press representative an account of his impressions, made the following observations :—

"We were everywhere received with the greatest courtesy by the Japanese civil and military officials, and every facility was afforded us in making our investigations. There was still some difficulty in the ordinary way of foreigners travelling in the interior and to Mukden, but we were fortified by passports from Tōkyō, which immediately gained us every civility and assistance from the Administrator at Niuchwang. We did not, however, confine our inquiries to Japanese officials, but interviewed as many as we could of the leading native merchants. . . . While the Russians are in occupation of Northern Manchuria the Japanese will certainly not withdraw completely from the south. Partly as a result of this the financial system in Manchuria is very unsatisfactory, and leaves much to be desired. The circulation of war notes by the Japanese Government to the extent of about 200,000,000 *yen*, while increasing the wealth of the province, will naturally tend to divert trade to their own country, more especially while this issue continues at any discount from local currency. The Chinese are tardy in introducing their goods throughout Manchuria, and the Japanese will become more strongly entrenched the longer the province remains under their control. The Powers should therefore be urged, through the usual channels, to use their good offices in expediting the time when the Chinese will assume jurisdiction."

In spite of protestations, nearly a whole year passed without any attempt being made to establish Customs at Dalny and Antung. In a despatch dated Peking, May 16, 1907, Dr. Morrison, the able correspondent of *The Times*, characterised Japanese methods in Manchuria, and especially at Antung, as the negation in practice of the policy of the Open Door and of equal opportunity. With the utmost patience, he observed, Englishmen had for months been awaiting a settlement of the Customs question at Dalny. Apart from the loss of revenue to China, in which all the Powers were interested, British merchants at Niu

chwang had been suffering from a grievous handicap. Goods entering Manchuria *via* Dalny paid no duty; they were mainly of Japanese origin and were exclusively handled by Japanese. Goods entering Manchuria *via* Niu-chwang paid full duty. The great distributing centre in Manchuria was Kwang-cheng-tsze, which was distant from Dalny 465 miles and from Niu-chwang 330 miles. It was reached from both ports by the same Japanese South Manchuria Railway, but owing to the preferential tariff instituted by Japan in favour of Dalny the freight on the shorter haul from Niu-chwang was 5s. a ton greater than that by the longer haul from Dalny. Official statistics showed that during 1906 Japan exported to Manchuria merchandise of the value of £2,601,141, yet only £383,846 entered Niu-chwang and paid duty.

To this despatch the Japanese replied that no distinction was made as to nationality in the case of goods entering Manchuria, all being equally free. They ignored the fact, however, that Dalny had not been declared an open port until September 1, 1906, and that their ships, therefore, had enjoyed the exclusive right of entry for nearly a year after the close of the war. Moreover, as the bulk of the goods imported into Manchuria through Dalny were Japanese, it was obvious that the interests of the foreigners, whose trade was largely centred at Niu-chwang, must suffer materially by the absence of Customs at the former port. Finally, the conditions that prevailed at Dalny were such as to place the foreign merchant at a serious disadvantage.

The writer has had access to information submitted to the State Department at Washington, describing the methods of differentiation to which the Japanese resorted about this time. It appeared that Japanese shipping was given the prior right of berthing, and also enjoyed certain preferential treatment in regard to other harbour facilities. There were in the town hundreds of well-built empty houses, erected by the Russians, and it was altogether impossible for any but Japanese subjects to secure one of these premises. Whenever foreigners made application for tenancy they were politely told that all buildings were required for

military purposes, but as a matter of fact few of these were occupied. The half-dozen foreign merchants who established agencies were compelled to rent office accommodation in Chinese shops, and the American Consulate-General was for a time established in a room in the Japanese hotel. The preferential treatment did not cease at the port; Japanese goods were accorded special privileges on the South Manchuria Railway. Foreign merchandise carried over the system to Liaoyang, Mukden, and other places was taxed by the Chinese, who, however, allowed Japanese merchandise to pass duty free. This exemption in favour of the Japanese was the result of pressure exercised by the military authorities; but, for the mere sake of appearances, a farcical formality—the presentation of a certificate signed by a Japanese petty officer and stating that the goods were imported for military purposes—was complied with. Apart from the absence of Customs and the imposition of restrictions at Dalny, the interests of the foreign merchants at Niu-chwang were further hampered by discrimination in the all-important matter of railway rates. The Tōkyō press admitted that, although the results were small, the military regimen had partially followed the Russian policy of attempting to divert commerce from Niu-chwang to Dalny; and all the evidences went to show that from the outset the Japanese had imitated the worst features of the former Russian administration, thus revealing, without the least regard to the principle of equal opportunity, their determination to make Dalny, where the geographical, political, and other conditions favoured them, the principal port of Manchuria.

Eventually Japan was persuaded to change her attitude. On March 1, 1907, Customs were established at Antung, and on July 1st of the same year, nearly two years after the conclusion of peace, a Customs agreement was concluded with China, providing that the leased territory of Kwantung should be a free region, and that merchandise should be subjected to import dues so soon as it passed outside that region. Japan also undertook to equalise the railway rates from Niu-chwang and Dalny. Soon afterwards Customs stations were established on the Russo-Chinese frontier, and thus

all cause for complaint in the matter of tariffs was finally removed. One cannot escape the reflection that had it not been for the vigorous action of the Shanghai merchants, which undoubtedly led to diplomatic pressure, both Japan and Russia, who were certainly gaining more than they were losing by their tardiness, would have waited indefinitely before taking the initial step. Meanwhile, other events had occurred which afforded further proof of the intention of the Japanese to secure, if possible, a preponderating share in the trade of Manchuria during the period of their military control. Although foreign merchants were rigorously excluded, Japanese merchants and company promoters were allowed to travel freely in all parts of the country. In this connection there is on record an interesting contrast between the ways of English and American diplomacy in regard to Manchurian affairs. According to a Red Book issued at Washington on March 30, 1906, Mr. Elihu Root, then Secretary of State, when instructing the American *chargé d'affairs* in Tōkyō to make representations to the Japanese Government on the subject of the maintenance of the Open Door in Manchuria, expressed the opinion that "If this condition continues, China may find herself, when the Japanese occupation ceases, merely a nominal sovereign of a territory of which the temporary occupants have appropriated material advantages." Incidentally, it may be observed that Mr. Root's striking prophecy has been fulfilled to the letter, for no one thoroughly acquainted with the present situation in Manchuria can deny that the sovereignty of China is anything more than nominal. In her reply to the United States, Japan alleged that the presence of foreigners would embarrass the military commanders, and that they were only at liberty to travel in the interior at their own risk. Mr. Root, however, was not to be satisfied with a palpable evasion of this kind. He called attention to the fact that the Japanese memorandum on the subject was undated and unsigned, and declined to accept the suggestion that American citizens would add to the embarrassment of Japanese officers. He continued to press his representations, until eventually the Japanese gave way and consuls were admitted to residence in Manchuria. It was

due, therefore, to the insistence of America that the military rule of the Japanese was terminated.

On the other hand, the policy pursued by Great Britain about this time revealed a simple and almost child-like faith in the assurances of the Japanese. In the House of Commons on May 28, 1906, Mr. F. E. Smith asked the Secretary of State for Foreign Affairs whether he was aware that the Japanese were actively doing business in Mukden and other towns in Manchuria, although merchants, other than those of Japanese nationality, were not permitted to go there for business purposes; and whether he would take prompt steps to secure to British traders equal rights with the Japanese. To this question Mr. Runciman, on behalf of the Foreign Secretary, replied in the following terms: "His Majesty's Government were informed, on inquiry at the close of last year, that only Japanese commercial people, who were practically in the employ of the naval and military authorities, were allowed to travel on business in Manchuria, and that only in connection with the army and navy. The evacuation by the Japanese troops having made much progress, the Japanese Government announced some time ago that from 1st May this year foreigners and foreign vessels should be free to enter Antung and Tatungkao, and that from 1st June, Mukden and the whole of Manchuria in the occupation of Japan, outside the leased territory, was to be opened to trade and residence to Japanese and foreigners alike, so far as military exigencies permitted. There is, therefore, no need of representations to the Japanese Government on the subject. We have no information as to the position of affairs at Harbin, which is still in Russian occupation." It will be seen that our Foreign Office imparted information concerning the state of affairs in Manchuria, which, in its relation to Japanese business activity, was at least five months old, and that it frankly confessed that nothing was known concerning the conditions at Harbin, the most important centre in Northern Manchuria. As a matter of fact, it was common knowledge that Japanese business men were allowed into Manchuria. This privilege was merely part of the systematic plan to secure a firm commercial foothold while

the country was still in an unsettled and disorganised state after the war, and the existence of these very conditions afforded the Government a plausible excuse for the exclusion of foreign competitors. That the Japanese business community did not profit to any great extent was certainly not the fault of the Administration, whose policy of partiality was all that they could have desired in the furtherance of their interests. Any inability on their part to take full advantage of the exclusive opportunities that were offered, simply arose from a lack of capital and enterprise. At the end of July 1906—three months after Mr. Runciman had stated in the House of Commons that only Japanese commercial people, who were practically in the employ of the naval or military authorities, were allowed to travel in the interior—it was estimated that there were no fewer than eighteen thousand Japanese resident in Manchuria. That the majority of these settlers were characters of an undesirable class of both sexes, and that the proportion of *bonâ fide* traders was small, did not alter the fact, in spite of protestations to the contrary, that as soon as the war was closed, Japan, while rigorously excluding foreigners, freely admitted her own people. It was not to be expected that, after one of the most devastating conflicts of modern times, a refined class of immigrant would be attracted to the country. Pioneers of empire are invariably of a rough-and-ready type. But the early Japanese settlers in Manchuria were far from being specimens of this robust manhood. Into a land that was by no means strange to the way of vice, they brought with them the worst features of their own civilisation. Thousands of unfortunate women were imported — there is literally no other word to describe the conditions under which they arrived—and some considerable time elapsed before the authorities took measures to prevent the degrading traffic. It must not be imagined that this shocking state of immorality was restricted to Japanese communities. Deliberate attempts were made to corrupt the Chinese population, not, it must be confessed, a difficult task so long as facilities were provided. Those Japanese who are never tired of criticising the profligacy that existed

under the former Russian régime, should remember that however discreditable this may have been, it was not so insidiously evil in character as the depravity of many Japanese who, so soon as the administration of Southern Manchuria passed into the hands of their Government, engaged in a traffic having for its object the gain of profit at the expense of the morals of the natives. It was in these circumstances that the hapless Chinese, having had some slight experience of Western ways during the brief occupation of the Russians, were introduced to a new form of civilisation, one which the Japanese boast is entirely of their own making, inasmuch as it represents the success of their attempts to graft all that is best of Western progress on to all that is best of the ancient culture of the Orient, as centred in Japan. One cannot help thinking that the Chinese of Manchuria, who could not be unmindful of the glorious civilisation of their own Empire in the dim past, and of the influence it had exerted in Japan itself, were not by any means impressed with the claims of the newcomers to superior status in the social scale. The Japanese acted as though they were conquerors in a conquered land. Natives were subjected to ill-treatment, and their labour, and often their property, ruthlessly commandeered. It followed that the Japanese officials joined the foreign critics in condemning incidents such as those described, but this condemnation did not altogether relieve the Administration from the responsibility of controlling the actions of its own nationals. It is no exaggeration to say that soon the Chinese mourned the absence of the Russians, and realised that the Japanese régime inaugurated a period of tyranny far worse than any which might have preceded it.

It could not seriously be suggested, however, that individual Japanese of low-class origin were alone responsible for the injustice to which the unfortunate Chinese were subjected. There was overwhelming evidence that the Administration itself had pursued a high-handed and confiscatory policy. For instance, Dr. Morrison in a despatch to *The Times*, dated Peking, July 29, 1906, referring to the obstacles in the way of establishing Customs at

Antung, pointed out that a convenient site for the station was difficult to obtain, the Japanese having expropriated for a nominal payment during their military occupation the whole of the river frontage for several miles, and all the land outside the native city available for foreign settlement. He added that the Japanese settlement was so exclusively Japanese that even Chinese ricksha coolies were forbidden, and that the wholesale expropriation which the Japanese were pressing the Chinese to legalise, caused misgivings as to whether Japan intended to fulfil Article IV. of the Manchurian Agreement, providing for the restoration to China of all property expropriated by military necessity during the occupation. To this statement the Japanese merely replied that the land secured—it will be remembered that "expropriated" was the term used by Dr. Morrison—was needed for the purposes of the Antung-Mukden Railway, and that it was not very large compared with similar lots possessed by the Chinese Eastern Railway. When the writer passed through Manchuria in the early part of 1907, the Chinese were loud in their complaints concerning the confiscation of their property by the Japanese, and careful investigation showed that these charges were well-founded. Further evidence of spoliation was contained in an article contributed to the *North China Daily News* by the Manchurian correspondent of that journal, and dated, Mukden, February 1, 1908, from which I take the following extract:—"West Changchun is the name given to the new Japanese settlement of about 1000 acres, which has been seized by the railroad and independent colonists on the land originally set apart for an international foreign settlement. Several substantial brick buildings have already been put up, including the Railroad Hotel Club, which is the most prominent feature in the landscape, surmounting a little hill, with a tall flagstaff, from which flies the South Manchuria Railway's flag. The Mitsui Bussan Kaisha and the Yokohama Specie Bank are well established, and a colony of more than two thousand Japanese, containing the somewhat disproportionate quota of eighty disorderly houses, is rapidly increasing." In a general reference to the existing situation, the correspondent also referred to

repeated instances of Japanese occupation of Chinese property, either without any recompense whatever, or with a payment less than half the market value. When his statements were denied by the Japanese Consul-General at Mukden, he replied in the following terms:— "It is, of course, no valid disproof of a statement merely to make an assertion contrary thereto, as the Japanese Consul should realise. No one objected to the occupation of premises during the war by the army for military purposes. The objection lies in the continued occupation of many of these premises after military exigencies have ceased to exist. Some of the buildings have been restored, but others have not, and cases on record, both in Antung and Mukden, can easily be quoted in support of this contention." Sufficient has been written to show that so soon as the war was at an end the policy in practice of Japan was altogether opposed to her professions in treaties. Not only were hordes of lawless individuals allowed to enter the country, but sanction was given to the retention of private property which had hitherto been temporarily in the occupation of the army for military purposes.

In the meantime the new Administration had been organised.

On June 8, 1906, an Imperial Ordinance was promulgated creating the South Manchuria Railway Company for the purposes of operating the railway between Dalny and Changchun, including branch lines, the line between Antung and Mukden, and the rich coal-mines of Fushun and Yentai. The capital of the company was fixed at £20,000,000, divided into 1,000,000 shares of £20 each. The Government received from the company, and retained, 500,000 fully paid shares. Of the capital, 100,000 shares were issued and subscribed in Tōkyō, and of these 10 per cent. have been called and paid up. It was stipulated that the president, vice-president, and directors should be nominated by the Government, which was empowered also to appoint a special controller "to supervise the company's business."

On September 1, 1906, the Emperor issued another Imperial Ordinance defining the character and scope of the Government-General of Kwantung. It was laid down that the office

should be filled either by a Lieutenant-General or a full General; that his duties should extend to the protection and control of the railways in Southern Manchuria; that he should command the troops, and, subject to the control of the Foreign Office at Tōkyō, should have general direction of administrative affairs. It will be seen that the powers of the Governor-General were not restricted to the leased territory, but extended throughout the whole sphere of Japanese railway influence. It was not until March 7, 1907, that the South Manchuria Railway Company formally took over the railways and mines from the Government. The scope of the new undertaking was exceedingly large, including among other things the construction of harbour works, warehouses, electric and gas works, hotels, and the provision of steamship lines. Apart from the system itself, the extensive tracts of land adjacent, constituting what in the absence of any more definite term are called "the railway zones," offered possibilities for development on a large scale. According to Mr. Kubota, one of the directors of the concern, those zones, covering an area of 46,000 acres, were, for the most part, capable of very profitable cultivation. "The railway authorities," he added, "see plainly that by encouraging settlers in these zones the income of the line can be very greatly increased. Hence the idea of appropriating eight or nine million *yen* to the building of schools, hospitals, and habitations. Ultimately a system of partial local autonomy will be pursued in the zones, and taxes will be levied at rates fixed after consultation with the inhabitants. The administrative power in the zones is vested in the railway authorities, but the power of police remains in the hands of the Governor-General."

It will be seen, therefore, that the South Manchuria Railway Company, the constitution of which is semi-official in character, exercises not only commercial privileges but also administrative functions over a wide area. When the Japanese urge that as a result of the war they have merely secured in Manchuria the leasehold of the Kwantung Peninsula and a system of railway as far north as Changchun, the fact must not be overlooked that the cession of this railway system carries with it what in the present circum-

stances amounts to virtual sovereignty over large areas of adjacent districts. Not long ago the right of the Japanese to impose taxation within the railway zones was raised. In reply Japan pointed out that she had inherited all administrative rights as laid down in the Chinese Eastern Railway Convention concluded between Russia and China, and in support of her case quoted the second clause of Article VI., the French standard text of which says: "*La Société aura le droit absolu et exclusif de l'administration de ses terrains.*" ("The Society shall have the absolute and exclusive right of administration of its territories.") It cannot too clearly be emphasised that any protests against the exercise of Russian jurisdiction at Harbin and other places along the northern section of the railway, apply with equal force to the conditions that obtain in the south. The systematic emigration that is at present in progress will lead in the near future to the founding of a series of Japanese towns between Dalny and Changchun, and thus there will be a strip of territory running through the heart of Southern Manchuria which to all intents and purposes will become a Japanese colony. In Mukden, the ancient capital, the railway company possesses an area of land measuring nearly 2000 acres, of which over 500 acres have been appropriated for the Japanese settlement.

The Government-General of Kwantung, and the South Manchuria Railway Company, who combine administrative functions in an extended area, are not the only evidences of Japanese authority. At all the principal centres, Japanese Consuls are stationed, and in consequence of the peculiar status held by their country in Manchuria, their duties are more comprehensive in scope, and certainly more important in character, than is usually the case in connection with offices of this kind. Frequently they are in charge of negotiations with the Chinese authorities concerning matters of far-reaching consequence.

It is not surprising that the Japanese system of administration, with its complex organisation, has failed to work smoothly. About two years ago, General Baron Oshima, the Governor-General of Kwantung, tendered his resignation, and in a statement issued subsequently by his private secretary, the following passage occurred:—

"The policy of the Consuls and the railway company often go counter to that of the Governor-General, so that it frequently occurs that the one is pulling down what the other is building up. The consequence is a constant confusion of affairs and an inconsistency in administrative measures, which makes it absolutely impossible to obtain good results. The Government-General has many times made efforts for the improvement of administrative measures to maintain the uniformity of political affairs of the region, but to no good, because of the difference of the opinion with the Government. No good effect can be expected so long as the present state of things continues. It being against the wish of the Governor-General to remain at the present post, without hope to be able to satisfactorily fulfil his duties under such circumstances, he has decided to resign. Rumours are current to the effect that the Governor-General is desirous to also exercise diplomatic powers in Manchuria, but such is a great misconception. Every one knows that the diplomatic power of a State belongs to the Foreign Office, and it is the height of absurdity to attempt to take diplomatic power out of its hands. In short, the sole reason for the resignation of the Governor-General is nothing but hopelessness of any uniformity of administrative work in Kwantung."

In the Tōkyō press it was alleged that the Governor-General claimed authority similar to that formerly exercised by Admiral Alexieff when Russian Viceroy of the Far East. A reorganisation of administration which involved among other things the transference of railway control to the Imperial authorities in Tōkyō was decided upon, and Baron Oshima consented to remain in office. But, however the functions may be distributed, the fact cannot be altered that in Southern Manchuria the Japanese at present wield a power greatly in excess of that formerly held by Russia over the whole of the territories. It must not be forgotten that according to the provisions of the Portsmouth Treaty Japan is entitled to maintain fifteen military guards to each *kilomètre* of railway. When the garrison in the Kwantung Peninsula is taken into consideration, this means that she has an army of at least 20,000 men in Southern Manchuria. In drawing attention to the strong strategical position thus

acquired by Japan, Mr. Putnam Weale has pointed out that "Japan is entitled to maintain, outside the limits of the leased territory of Port Arthur, approximately 12,000 soldiery; within the Port Arthur reserve she may maintain as many men as she pleases, and has already announced her intention of concentrating a division there. The bridging of the Yalu, and the unification of the Mukden-Antung Railway with the Seoul-Wiju Railway, will mean that a third division, one of the two which will permanently garrison Korea, and whose headquarters will be at Seoul, can rapidly be brought into the country. There is, therefore, so far as the capability of the railway is concerned, nothing to prevent Japan from steaming three divisions of troops into Kuan-cheng-tzu during one night, without any more notice being attracted, until after the event, than by a similar movement in Japan itself. In such circumstances there is clearly no possibility of the present Manchurian settlement being a permanent one, and this unsettled state of affairs will continually militate against the proper development of China."

In many other directions evidences were manifest of Japan's activity operating to the detriment of the sovereignty of China, and of the principle of equal opportunity for all nations. For instance, without the knowledge or consent of China she notified the International Postal Bureau at Berne that she had opened parcel-post offices in forty-one towns in Manchuria. While declining to convey Chinese mails except by slow trains, and insisting upon Union rates for carrying Chinese domestic mails through Chinese territory, she carried her own mails free, or at merely nominal rates. Furthermore, she retained the administration of telegraphs established during the war ostensibly for military purposes. Her reply to criticism was that the telegraphs were open to Japanese and foreigners alike, and that messages could be despatched in foreign languages. The Japanese also continued to exploit the mines and forests without seeking any definite agreement with China. In the restoration of Niu-chwang to China they found an opportunity for further strengthening their influence. During the period of their military occupation they had undoubtedly inaugurated many useful reforms, but whether this circum-

stance entitled them subsequently to acquire privileges clearly beyond the scope of the Portsmouth Treaty is open to serious question. At the end of 1906 agreements were concluded between Japan and China concerning the conditions that were to govern the restoration of Niu-chwang to the latter country. It was in the provisions of these agreements that Japan's acquisition of influence in a quarter altogether outside the sphere of her legitimate interest lay revealed. In many essential respects, however, the policy she adopted in regard to Niu-chwang was similar to that which she had already pursued in her treatment of other important questions that arose from time to time elsewhere in Southern Manchuria. To begin with, she urged that in establishing a military administration at the port she had merely followed the example set by Russia, and that the exigencies of the military situation had compelled her to perpetuate this form of government. As Niu-chwang was clearly within the theatre of war, her right to the temporary control of the affairs of the town could not be disputed. During the period of her occupation she had deliberately strengthened her position to such an extent as to enable her practically to dictate to China the terms of the agreements concerning the restoration of the port. She urged, as a matter of course, that the various municipal reforms undertaken by the military administration were in the interests of the community at large. While not desiring in the least to detract from the excellence of the work accomplished, the impartial observer cannot accept the explanation that the Japanese were wholly animated by consideration for the common weal. There is little doubt that, in the main, they were influenced by the knowledge that, were they to institute reform, the way would be paved for an increase in their political prestige, and very possibly for gain in the matter of political concession. The terms of the subsequent agreement, if not evidence of punctilious adherence to the principle of equal opportunity, were at least testimony to the immediate success attending Japanese policy in Manchuria, a policy which, it must be emphasised, recognises the sovereignty of China only in so far as it is considered necessary to comply with the formality of securing her recognition of the fact accomplished. Among other things

it was provided that the Chinese officials were to succeed to the execution and management of all the undertakings started or planned by the former military administration. It should be explained that Japan had already given her sanction to a company formed jointly by her nationals and the Chinese for the purposes of supplying water and electric light, of constructing an electric railway, and of providing a telephonic service. According to the agreement between the two countries this corporation retained its concessions, with the exception of the telephonic service, the plant and properties of which were sold to the Chinese Telegraph Bureau. Further, it was provided that "The management of the police and sanitary affairs shall be transferred to the Chinese local authorities, who shall aim at perfecting the services so as to maintain public peace and safety. For this purpose they shall engage Japanese police instructors and physicians in conjunction with their own. In case these services are found not altogether satisfactory, the Japanese Consul shall advise the local authorities thereof, and proper measures be taken from time to time." Thus it will be seen that the Japanese Consul was vested with an authority that virtually gave him the right to exercise a supervision over two exceedingly important departments of local administration. Another clause in the agreement was to the effect that "The (Chinese) Customs General shall take over the management of all business relating to the treaty port and native Customs-houses. The Chinese Government shall for the present deposit in the Yokohama Specie Bank all the receipts from these Customs-houses. When in the future a branch of the Exchequer Bank shall have been established, the deposits shall be made in the two banks." This article had a peculiar significance when read in conjunction with a statement contained in a despatch from Dr. Morrison, which appeared in *The Times* several months previously, to the effect that all revenues of Niu-chwang were then being paid into a Japanese bank and were entirely appropriated by the Japanese, though vague promises were made that, providing Russia refunded her share, the Japanese, on their part, might also refund a portion some day. The amount derived from the Customs in 1905 and placed under

Japanese control was more than £200,000. Dr. Morrison added that the revenue collected was partly applied to the purchase of land at an arbitrary price for road-making and for the future Japanese settlement. The Japanese reply to this serious charge was tantamount to an admission of its truth. "The arrangement," they said, "has the recognition of the Chinese Government, and our authorities are using a part of the receipts for the purposes of local police, sanitation, traffic administration, and other public affairs. So soon as the work of complete evacuation is finished this country will settle accounts with China in this connection, and Dr. Morrison cannot but be making a most unwarrantable charge if his assertion is intended to convey an impression that Japan is improperly transferring money into her own pocket." The assertion by the Japanese that their appropriation of the Customs revenue had the sanction of China was not by any means a convincing answer. When the circumstance is recalled that the Japanese army was in occupation of Niu-chwang at the time, it is difficult to imagine how China could have done otherwise than give tacit acquiescence to the acts of its administration. The allegation that funds, which, properly speaking, belonged to the treasury of China, were in part used for the purpose of acquiring at arbitrary prices land for the Japanese settlement, has not been met.

Writing in March of 1907, several months after the restoration of Niu-chwang to China, the Shanghai correspondent of *The Times* gave a description of the conditions prevailing at the port. His despatch clearly pointed to the fact that during the war the Japanese had exerted the pressure of their military occupation to secure concessions, the subsequent operation of which did not altogether favour the plea that they were alone animated by consideration for the community of foreigners as a whole. The correspondent observed that British and American landowners and merchants, with the support of the local Chinese authorities, were urging the establishment of an international municipality on the river front land lying between the British concession and the railway station, and that the question was engaging the attention of the Legations. The position was complicated

by the fact that running through this property, and ceded to the Japanese military administration by the riparian owners "for public purposes" (the quotation marks are used by the correspondent), was a road policed by the military guards of the railway, to whose ownership it had been transferred; so that an individual British or American landowner found himself in possession of property, on Chinese soil, fronting on a river where irregular *likin* methods were practically unlimited, and traversed by a right of way patrolled by the military forces of a Japanese railway administration. That such a situation offered unlimited opportunities for misunderstanding and friction was only too clearly evident, and earnest hopes were expressed that the Legations might speedily find means of adjusting it and of ensuring enjoyment of treaty rights and equal opportunities for all concerned.

In the matter of railways, also, Japan took advantage of the *post bellum* situation in order to secure substantial advantages. During the war she had constructed a narrow-gauge railway between Hsin-min-tun and Mukden, thus establishing a link of great importance between the South Manchuria Railway and the North China system, and providing facilities for through communication with Tientsin and Peking. As a result of an agreement signed on April 15, 1907, this line was transferred to China. It was stipulated that the purchase price should be £160,000; that in reconstructing the railway China should borrow half of the funds required in the work east of the river Liao from the South Manchuria Railway Company; that the property and receipts of the whole undertaking should be offered as security; that the Chinese Government should guarantee the payment of the principal and interest of the loans; and that, in the event of their failing to make good any arrears, the railway should be handed over to the South Manchuria Railway Company and worked by them until such time as the principal and interest in arrears were paid; that during the term of the loan a Japanese chief engineer should be engaged, and also Japanese employed in other capacities whenever there should not be a sufficient number of Chinese available for the conduct of the railway; that the chief accountant should be

a Japanese; that the receipts of the railway should be placed in a Japanese bank; and that the line should be connected with the South Manchurian system. At the same time provisions were inserted giving the Japanese similar privileges in regard to the proposed railway between Changchun and Kirin. In addition it was agreed that Chinese and Japanese engineers should jointly survey the route, and that should any further need arise for capital for the purpose of extending the line or constructing branch lines, China should negotiate a loan with the South Manchuria Railway Company. A year later, in November 1907, a final agreement giving formal effect to the preliminary arrangements was concluded in the following terms:—(1) The Chinese Government shall borrow from the South Manchuria Railway Company £32,000, being half of the estimated cost of the construction of the Peking-Mukden line eastward of the river Liao, and also £215,000, being half the amount required for the estimated cost of construction of the Kirin-Changchun Railway. (2) The interest on the loan shall be at 5 per cent. per annum. (3) The actual amount of the loan to be received by the Chinese Government shall be at 93. (4) The Japanese engineer who is now engaged in the Peking-Mukden Railway shall be employed as chief engineer to the line eastward of the Liao. (5) The Japanese Government, in view of the practical difficulties of discriminating between the finance of the line east of the Liao and that of the main line west of the same river, will refrain from appointing any Japanese chief accountant, but one-twelfth of the amount to be paid annually to the South Manchuria Railway Company for the service of the loan shall be deposited monthly with the Bank of Japan. (6) A suitable Japanese shall be selected as chief engineer of the Kirin-Changchun Railway by the Chinese Government by mutual agreement with the South Manchuria Railway Company. Another suitable Japanese shall be employed as chief accountant by the Chinese Government in consultation with the South Manchuria Railway Company. (7) The settlement of the details as regards the loan shall be agreed upon separately as to particulars between the South Manchuria Railway Company and the Chinese Department of Communication.

In his work, "The Coming Struggle in Eastern Asia," Mr. Putnam Weale drew attention to the strategical value of the Kirin-Changchun line. "There can be little doubt," he wrote, "that the Japanese fully realise that the greatest of the minor victories won by Baron Komura in the conference chamber was really the cession of the 106 miles of railway to the north of the occupied zone ending at Changtufu Station. Among neutrals, however, nobody appears to have understood what an important influence this cession may have on the future of Manchuria—nobody, except perhaps a few Russian experts, who shake their heads gloomily when the matter is mentioned. Briefly, it means that the key to the Sungari wheat plains will practically be in Japanese hands, as soon as they have completed the reconstruction of the whole railway up to Kuan-Ch'êng-tzu. For at Kungchuling, which is sixty railway versts south of Kuan-Ch'êng-tzu, one passes from the basin of the Liao river to that of the Sungari; and from Kuan-Ch'êng-tzu to Kirin City, which commands the crossing of the upper Sungari, is only seventy miles due east by road, which will soon be covered by a railway. Further, as Japan can easily enter this vastly important Kirin province from North-eastern Korea owing to her domination of the 'Hermit Kingdom,' she will always be able to menace from two sides what must continue to be a strategically vital point so long as Russia depends on the Trans-Manchurian Railway for her communication with Vladivostock, the Pacific province, and indeed the whole Russian Far East. For the occupation of Kirin City by a mobile Japanese force would bring Harbin and the Trans-Manchurian Railway into danger, and would make them as much hostages in Japanese hands (unless overwhelming Russian defensive forces could be assembled with lightning rapidity) as the occupation of Nicolaievsk directed from Saghalien would surrender the whole region of the lower Amur. The Russians in Manchuria understand this very well; and consequently whatever popularity Monsieur de Witte enjoyed as the creator of the railway empire has now completely disappeared.

"Yet the Russians in Manchuria have been very busy explaining to one another exactly why the principal Russian

Peace Plenipotentiary acted as he did in the matter. They say that it was due—as usual, they add smilingly—to a mistake. The Russian Headquarters Staff in the field had furnished, it appears from such gossip, full particulars regarding the Chinese nomenclature of the lines actually occupied by the rival forces, and the advanced line of hills, named Kuang-cheng-ling, was confused by Monsieur de Witte with Kuan-Ch'êng-tzu—hence the cession of the additional strip. The explanation, ingenious as it is, is quite incorrect. Two important members of the Peace Commission have assured the writer that the true and only explanation is that as the Japanese gave way in their original railway demand—that they should be ceded the line right up to Harbin—the Russians had likewise to make some small concession."

Since Mr. Putnam Weale wrote this passage in 1908, events have moved quickly in the Far East. Russia, realising the weakness of her present strategical position, has begun in earnest the construction of the Amur railway, and the doubling of the Siberian line is rapidly progressing.

In the south, the reconstruction of the Antung-Mukden line will afford Japan further facilities for the movement of troops; and already there is a suggestion that the Kirin-Changchun Railway, which was recently completed, should be extended to the Korean frontier, where it will be linked up with the Korean system. Apart, however, from its strategical importance the Kirin-Changchun Railway has a commercial value. Traversing a route 80 miles in length, it establishes communication between the South Manchuria Railway and the capital of the province. Kirin, situated on the left bank of the Sungari, has a population of over one hundred thousand. It is a picturesque walled city possessing several thriving industries, among which may be mentioned boat-building, furniture-making, hide-tanning, and the manufacture of shoes. Settlements have already been established outside the walls, and with the provision of railway communication Kirin will become one of the largest and certainly one of the most important commercial centres in Manchuria.

It has been shown that during the years immediately following the war—1906 and 1907—Japan, by the exercise

of diplomatic pressure, materially increased her influence in Southern Manchuria, and that, in a large measure, this circumstance was due to her insistence that the acts of her former military administration should not only receive the sanction of China but should carry with them certain exclusive privileges in the form of substantial concessions. In defending this policy the Japanese press has repeatedly asserted that it differed in no essential respects from that pursued by the Powers in other parts of China. Whatever may be urged in support of such a contention, the all-important fact remains that as far as Manchuria was concerned international treaties and agreements had clearly committed Japan to adherence to the principle of equal opportunity. The latter-day doctrine which holds that the obligations of international treaties and agreements are no longer binding among nations certainly applies to the Manchurian situation as it exists to-day, and the extraordinary ease which the apologists of Japan have acquired in interpreting its cynical teachings, even adopting them with casuistic ingenuity when charges of broken faith have to be met, warrants little hope for an improvement in the future. In support of the terms exacted by Japan in connection with the Hsin-min-tun-Mukden and the Kirin-Changchun Railway, the case of the Shan-hai-kuan-Niu-chwang and Siaoheichan-Hsin-min-tun Railways, financed by the Hong-Kong and Shanghai Bank, were cited. While to some extent the precedent quoted was analogous, it failed to be conclusive in one important, if not vital, respect. The British agreement with China expressly stated that the railways were to remain Chinese railways under the control of the Chinese Government, and could not be mortgaged or alienated to a non-Chinese company. On the other hand, in the event of certain contingencies, the Japanese agreements permitted of the Hsin-min-tun-Mukden and the Kirin-Changchun lines passing to the control of the South Manchuria Railway Company.

As soon as the war was at an end Japan, apart from diplomatic activity, endeavoured to take full advantage of the special position she held in Southern Manchuria in order to secure a predominance in trade. The measures she adopted in this connection have been described at some length in another chapter, but in view of the statements

so frequently made by her apologists that charges in regard to her conduct of affairs in Manchuria are usually unaccompanied by specific detail, it becomes necessary, even at the expense of repetition, to give a history of the preferential policy pursued by the Government. When placed in possession of all available information on the subject, no impartial reader will be able to deny that some of these methods constitute flagrant breaches of the principle of the Open Door. In order that there shall be no possible misconception concerning the sources of this information it is the intention of the writer to quote authorities at length. In 1906 the following statement appeared in the semi-official *Japan Times*: "The *Tōkyō Asahi* states that five cotton textile companies in the Kansai district, viz. Osaka Boseki, Miye Boseki, Kanakin Seishoku, Temma Orimono, and Okayama Boseki, have formed a guild for the exportation of cotton goods to Manchuria. The guild is to entrust Mitsui & Co. with the sole business of selling their goods. The above-mentioned factories will manufacture cotton goods equal to the standard quality, and label them with the same trade-mark. They will export at least 12,000 bales (valued at £120,000) every year, and keep up the exports, even though they incur some loss in the business. The Mitsui Company has decided to do its best to push the sale, and its services will be rendered free of charge for the time being. In order successfully to promote their enterprise in the face of inevitable competition, the parties concerned have approached the Ministers of Finance and of Communications with the following requests:—

"1. The Government to guarantee a maximum loan of 6,000,000 *yen* (£600,000) at the rate of interest of 4 per cent. per annum, to be advanced on documentary drafts, payable in four months. The loan to be advanced in gold in Japan and repaid in silver at the place of payment of the drafts, according to exchange quotations on the date of payment of the drafts.

"2. Goods mentioned in the drafts to be delivered under certain limitations, even before they are paid or when a security has been furnished, according to circumstances.

"3. The Chinese Eastern Railway to carry the exports free of charge or at half rates for one year hence.

"4. The marine freightage also to be reduced to one-half for one year hence.

"In this connection, the Government has decided to make the loan through the Yokohama Specie Bank, without limitations as to the amount, not only on cotton textiles but on matches, cement, beer, marine products, timber, cotton yarns, and other goods to be exported to Manchuria, at the rate of 4½ per cent. per annum. In case a single concern or company has effected an export of more than 5,000,000 *yen* (£500,000) a year, the Government will refund half per cent. of the interest mentioned above. As regards freightage, the Government will carry out negotiations with the War Office in connection with the Chinese Eastern Railway, and also with the N.Y.K. and Ōsaka Shosen Kaisha."

In commenting upon this statement the Tōkyō correspondent of *The Times*, writing in his local capacity as editor of the *Japan Mail*, made the following observation: "Another rumour is that special rates over the Manchurian railways are to be given to Japanese tobacco and certain other articles of Japanese manufacture. Such procedure would certainly be improper, inasmuch as it is contrary to the principle of equal opportunities. Over roads within the Empire of Japan special rates may be given to Japanese products or manufactures destined for export, but within Manchuria the case is different. We agree with our contemporary's (the *Japan Gazette*) remarks on this subject, and we also agree that since no such discrimination has ever been proved against the Japanese Government, it will be well to wait for concrete examples before laying specific accusations." The "rumour," as will be seen from the following pages, has been confirmed beyond question, and for "concrete examples" it is only necessary to refer to an invariable practice, now thoroughly established, which, in the face of open and authoritative sanction, it is idle for the apologists of Japan either to refute or to explain away. It should be added that the correspondent of *The Times* at Tōkyō is noted for the friendly attitude he adopts at all times towards Japan, that in his despatches

to London he has consistently denied that Japan in any single instance has been guilty of a breach of the principle of the Open Door, and that again and again he has alleged that the charges made against her have been characterised by a lack of detail. In view of these circumstances the admission made in the *Japan Mail*, a journal of which he is the editor and proprietor, that the granting of special rates to Japanese articles over the Manchurian railway "would certainly be improper, inasmuch as it is contrary to the principle of equal opportunity," is, to say the least, not without interest. In the same year Mr. Yamanobe, the president of the Ōsaka Cotton Spinning Company, visited Manchuria, and on his return to Tōkyō made the following statement concerning the excellent prospects that awaited the Japanese cotton guild or trust:—

"In our eyes the purchasing power of the Manchurians is almost boundless. The inhabitants of Manchuria are much better off than the Koreans, and, in addition to this advantage, about 20,000 persons are yearly flowing into the country from Shantung and thereabout. These new settlers add to the demand, and it is difficult to imagine how great will grow the consumption of cotton goods in Manchuria. Japanese sheetings, which have been placed on the market by the Niu-chwang office of the Mitsui Bussan Kaisha since April last, are finding ready sales. This is due to the cheaper price and good quality of our goods, and we must maintain this condition to the end and strive to take into our hands at least one-third of cotton goods supplied to the Manchurians by America, by whom the market has been monopolised. American cotton imported through the Niu-chwang Customs-house alone amounts to 70,000 bales a year, and the value of each bale is about 140 *yen* (£14). But there is also a large amount imported by junks, and the grand total supplied by America is about 140,000 bales. So large is the demand in Manchuria that it can be scarcely supplied if the whole production of sheetings in Japan, 120,000 bales, is shipped thither. Under the present state of things, it is entirely out of the question to drive away American goods from the Manchurian market, but it is generally admitted by sensible

men, Japanese and foreigners alike, that Japanese cotton textiles will conquer the Manchurian market in the end. There are already signs of this. The market for American goods is extremely unfavourable, and supplies are as rapidly getting congested as Japanese goods are being cleared. During our stay in Manchuria a commission of foreign merchants in Shanghai arrived, and the commission seems to have been convinced that Japanese shirtings are a powerful rival to foreign cotton. The price of Japanese shirting is about 4.50 *yen* (9s.) per piece of forty yards, against American calico, which is valued from 6.50 *yen* (13s.) to 7.50 *yen* (15s.), while the quality of the two is almost alike. Under these circumstances, the success of our goods in the contest with American goods is already beyond doubt. Japanese goods enjoy a further advantage. They are admitted duty free at Tairen, while American goods have to pay an import duty of about 4 *yen* (8s.) per bale at Niu-chwang. This privilege of the Japanese will be removed sooner or later, as a Chinese Custom-house is to be shortly established, but I feel assured that the balance is in our favour.

"Manchuria itself is one of the best markets in the world for cotton textiles. The art of weaving is yet in a very primitive state, and as it can by no means be improved in the near future, the inhabitants must look abroad for the supply of the cotton stuff for their clothing. The large majority of the population are peasants and labourers, and they are naturally inclined to prefer coarse and more durable Japanese cottons to finer calico. I have come back loaded with great hope for the market of our shirting. The most hopeful field for our cotton goods is the country north of Kwan-cheng-tze, the region about Changchun and Kirin. Textiles are sent into Mongolia in considerable quantity from Kwang-chen-tze. In short, cotton goods will find the better market in Manchuria the more they are sent further north-eastwards. If the market is to be more rapidly extended in Manchuria, it is necessary for Japanese weavers to have in Kwang-cheng-tze headquarters for the sale of goods. In Manchuria the demand . . . for cotton fabrics is rapidly increasing."

It will be seen that Mr. Yamanobe admitted that, by

the absence of the Customs at Dalny, the Japanese enjoyed an advantage in the period immediately following the war, and there is no doubt that it was largely in consequence of this advantage that they were enabled to secure a lead in the trade in cotton goods.

Further information concerning the progress of the Japanese cotton combine is to be found in a series of American consular reports. In July, 1907, Mr. Roger S. Green, the Consul at Dalny, reported that the undertaking had met with great success. "Whereas, before the war," he added, "the importations of Japanese cotton goods into Manchuria were an insignificant factor in the business, during the year ended June 30, 1907, according to statistics collected by the Dalny Commercial Museum, the value of all cotton goods imported at Dalny from Japan was $1,510,422, while those from other ports were valued at $567,229. The values of American, British, Chinese, and other goods included in this list are not stated separately. The value of sheetings and shirtings imported, under which heading come the goods manufactured by the syndicate, was $819,847 from Japan, and $450,830 from elsewhere. As it would seem that the syndicate sent its goods to its agents, the Mitsui Bussan Kaisha, frequently on consignment, to be sold even at some sacrifice in order to introduce the marks, it is not easy to say, from local observation, just how much these figures mean, especially as Dalny is still only a port of entry for cotton goods and not a place where Chinese buy and sell them in any considerable quantities. Under normal circumstances, even for Japanese cotton goods, Niu-chwang would appear to be the principal port for carrying on this business, and the principal consumption is probably in the Mukden district. The quantity of merchandise of all kinds coming through Dalny in 1906 and until July, 1907, was abnormally large on account of the fact that until the latter date it entered Manchuria free of duty by this route. After the establishment of the Custom-house on July 1, 1907, the imports of cotton goods suddenly fell off, the total amount of cotton textiles imported in the quarter ended September 30 being valued at $77,390, of which four-fifths were from Japan, as compared with $475,454, of which about nine-tenths were

from Japan, in the quarter ended June 30, 1907. The connection with the Mitsui Bussan Kaisha is of the greatest advantage to the cotton syndicate, as that firm enjoys the highest financial standing, is able to employ experienced men, and, on account of its large and varied business in Manchuria, both in imports and exports, can and does maintain a large number of branch offices which are of the greatest use in such a campaign, besides being in a position in other ways to handle the business in an exceptionally economical and effective manner. Moreover, through the co-operation of the factories in the syndicate, measures are taken to improve and make uniform the grades of the goods turned out, which is of much importance in laying the foundations for future success. . . . In view of the energetic and thorough manner in which the Japanese manufacturers are working for the control of this market and the advantage which proximity gives them, it is evident that American dealers should display more energy if they wish to maintain a prominent commercial position in Manchuria." Finally, the American Consul in Kobe reported in 1908 that the agreement between the cotton syndicate and the Mitsui Bussan Kaisha, as selling agents, had been renewed for a term of three years. At the same time it was announced that the combine would enjoy the same privileges as in the past—that by arrangement with the Government the syndicate would be able to discount its bills with the Yokohama Specie Bank on very favourable terms, that low rates of freight would be accorded its consignments by the Ōsaka Shosen Kaisha (steamship line), and reductions made in connection with the charges on the South Manchuria Railway. Furthermore, in consideration of the constant fluctuations in the rate of exchange, and the financial conditions in Manchuria, it was arranged that the money drawn on drafts of the syndicate should be repaid in Japan. This arrangement, it was pointed out, greatly added to the advantage enjoyed by the syndicate exporters. The value of drafts drawn by the Mitsui Bussan Kaisha on the shipments of cotton goods having exceeded £500,000, the syndicate was able to make use of the fund at the preferential rate of 4 per cent.

per annum. The combine strove strenuously in competition against American cotton fabrics which were at last entirely driven out from the district to the north of Changchun, while the sale of Japanese sheetings steadily increased in the Kwantung district and the neighbourhood of Mukden. Formerly American cotton goods had a monopoly of the Manchurian market, but recently the Japanese imports have secured premier place. This circumstance is due not only to preferential treatment but also to careful attention to detail. According to the statements in the Japanese press, the uniformity of the quality and packing of the syndicate goods has gone a long way to assist the success of the working of the venture. The members are said to examine carefully each other's goods every month. From twenty-four to thirty bales produced in each mill are picked out at random, and the quality carefully scrutinised in respect to weight, width, length, border, &c. In addition to this examination one bale of every quality of goods produced by each mill is brought to one company's mill in turn, and an examination is conducted by the chief experts of that mill. Every defect in the goods is pointed out, and subsequently remedied. This system has brought about a uniformity of quality, and the result has improved on every examination, until now the quality of goods produced by all the mills in the syndicate is asserted to have become identical, with the exception of the colour, the difference in which is due to the raw material used. The complaints of the Chinese, who are very particular about defects and are always ready to demand a reduction of price even for the slightest damage in the bale, have now almost entirely ceased.

There has been considerable discussion in the press of the world concerning the methods adopted by the Japanese to secure a monopoly of the valuable cotton trade of Manchuria. In some quarters it has been asserted that the Government has lent large sums of money to the Yokohama Specie Bank for the purpose of financing the enterprise. As far as can be ascertained this statement is untrue. At the same time there is no doubt that it was the influence of the Government that led the Specie Bank, with which it has

close relations, to place funds at the disposal of the syndicate. In an article on the subject the *Japan Times* explained how the constitutional inability of the administration to lend money for private enterprise without first obtaining the sanction of the Diet, had been overcome. "There are some foreigners," said this semi-official journal, "who maintain that Japan protects her own cotton traders while she takes measures which are disadvantageous to foreign traders. But they are in the wrong. The fact is that the Japanese Government sends some considerable sums of money to Manchuria in order to meet the expenses for the troops stationed there. The remittance is conducted through the Specie Bank, which, instead of sending money directly, loans money to cotton traders who repay the money loaned by selling goods in Manchuria. So whether Japanese cotton traders get special facilities or not simply concerns the business of the Specie Bank, having nothing to do with the Japanese Government. It is, therefore, most unfair to attribute this fact to the Japanese Government's discrimination between Japanese and foreign traders. As the above statement shows, all the accusations made against Japan on her policy in Manchuria are anything but accurate." It has also been explained that the Yokohama Specie Bank pursues a policy which allows it to advance loans for the purposes of trade in China at a rate lower than that ruling in the home market, thus making it possible for the Japanese to compete with foreign merchants who are able to finance themselves on comparatively easy terms in their own countries. In reply it may well be doubted whether any English or American commercial house would be able to obtain from its own banking institutions, for the purpose of trading in Manchuria, adequate accommodation at so advantageous a rate as 4 per cent. For the rest the Japanese do not deny that the consignments of their merchants enjoy low freights in transit by land and sea. As will be seen from the chapter dealing with the trade of Japan, Baron Sakatani, who was Finance Minister in 1906, frankly admitted this much to the writer, but he added that foreign merchants would receive similar treatment in the event of their forming combines.[1] Apart from the general

[1] *Vide* Chapter XXXIX.

impracticability of this suggestion it would appear that the present régime will not permit of compromise, for a recent despatch from Mukden declared that American shippers had formally complained to their Consuls that the Japanese railways in Manchuria were discriminating against them by means of a rebate system, under which foreign shippers were excluded from the minimum cargo regulations and were not allowed to combine their cargoes, whereas the Japanese secured rebates by combining shipments. Whatever view may be held of other methods adopted by the Japanese with the object of stimulating their trade in Manchuria, there is no doubt that the preferential rates accorded their consignees on the South Manchuria Railway are in the nature of an unfair advantage, and constitute a serious breach of the principle of equal opportunity. The subject is certainly one for diplomatic representation on the part of the Powers interested in the maintenance of the Open Door in Manchuria.

# LIX

## THE GROWTH OF JAPANESE INFLUENCE

IN the preceding chapter I have related some of the outstanding events which occurred during the two years that immediately followed the war, and which were the foundation of the charge made in various quarters that the Japanese had failed to adhere to the principle of equal opportunity. The official reply to foreign criticism was either a direct contradiction or else a plea for patience. It was urged that any irregularities that might have occurred were due alone to the unavoidable state of chaos produced by the aftermath of one of the most sanguinary wars in history, and promises were made that so soon as the machinery of administration worked smoothly all cause for foreign complaint would be removed. As a matter of fact the year 1908 saw little improvement in the general condition of Southern Manchuria. The Japanese continued to act in a high-handed manner, and incidents of an unpleasant nature, sometimes involving serious friction with foreigners, were not infrequent. In view of the assertion made by publicists and others, who defend the policy of Japan, that charges against her administration emanate only from irresponsible sources and are unaccompanied by proof, it becomes once more necessary to quote at length various authorities whose careful investigations on the spot fully confirm the writer's statements.

At the beginning of 1908 the *North China Daily News*, an English journal of high standing published at Shanghai, and one moreover that throughout the war maintained an attitude of consistent friendliness towards Japan, referring to Manchuria, declared that "the general situation is dominated by Japan's high-handed policy. China's weakness and Japan's aggressiveness threaten to undermine the commercial interests of all other Powers in this Viceroyalty." The correspondent of the same journal writing from Mukden, under

date February 1, 1908, described the existing conditions in the following plain terms:—

"To one who lives in Manchuria it is not the abstract questions, naturally important as they may be, which are so striking, as the specific incidents, singly unimportant, which, taken *en masse*, make up a concrete case and must operate prejudicially upon the larger questions. It is these specific experiences, which foreigners of different nationalities in Manchuria share, which are beginning to bulk up in a manner deserving attention. The repeated complaints from widely divergent sources of the incivilities of the Japanese railway employees and guards; the insolence of the Japanese in the streets; repeated instances of Japanese occupation of Chinese property either without any recompense whatever or with a payment less than half the market value; the powerlessness or unwillingness of local Japanese officials to punish Japanese law-breakers, even on the complaint of a foreign consul, as recently in the case of the German Consulate at Mukden; the deliberate breaking open of a Chinese mail bag at Liaoyang; it is incidents such as these which are bringing down upon the Japanese the resentment alike of Chinese and foreigners in Manchuria." This despatch called forth a weighty editorial comment which may be regarded as thoroughly representative of foreign opinion in China.

"In the southern portion of Manchuria, the Japanese sphere of influence," commented the journal, "other methods of stultifying the policy of the Open Door—nominally accepted by both Powers — prevail. As we have already indicated, a more powerful searchlight has been directed upon Japanese measures in the new Viceroyalty than upon Russian. The reason is that the Open Door lends itself more readily to approach by foreign interests in general from this end than from the other, and that consequently the issue at stake is more vital. No one seeks to deny the self-sacrificing conqueror, in those sanguinary and costly struggles on the Manchurian battlefields, reward for her victories. But the world at large thinks that she has her reward in the rich market at her door, in which close proximity without undue favour must give her overwhelm-

ing advantages. It asks only for consistency and honesty. If in other respects Japan finds that her books show a portion of China's indebtedness still unbalanced, she must not penalise others on that account. The Open Door has been proclaimed in Manchuria by the Japanese Government, which hitherto has always stood by its undertakings. In the place of that Open Door is to be found a studied policy of hostility to all save Japanese interests. It is known that those who enter a country in the wake of victorious armies are not always the flower of the conquering nation, and allowance can be made for brutality in the open streets, for *Schneidigkeiten* on railways and in ports; but the evil goes higher than this. It is known too that conflicting interests in Japan itself are paralysing the Government, and that in the turmoil of party strife the country's policy abroad is apt to lack a firm guiding hand. Whatever be the reasons for the unfortunate situation in Manchuria, from which Britons no less than other nationalities suffer, it is for Japan to seek out the remedy, and to take such measures in time as will save her from the reproach of having ceased to be, with the same meteoric rapidity with which she became, a credit to the family of civilised nations."

Later, the correspondent of *Reuter's News Agency* at Peking made a tour through Manchuria, and his subsequent report fully confirmed the attitude adopted by the leading organ of foreign public opinion in China. He observed that one of the chief things which impressed visitors to Mukden and South Manchuria was that the Japanese who were pouring into that country were not by any means of the right class. During the war the Chinese, and others, too, looked on the Japanese as their saviours, and welcomed them; but later experiences had brought about a change. In the streets one saw many Japanese drunk and disorderly, and their behaviour to Europeans was often positively insulting. The Chinese grumbled that the Japanese did not pay their house rents. More serious still was the prevalence of a social evil of the worst sort, from which the Japanese authorities derived revenue.

In a despatch from Peking, dated March 24, 1908, Dr. Morrison began with the significant expression of opinion

that "China's sovereignty in Manchuria is being ground small between the millstones of Russian ascendancy in the north and Japanese ascendancy in the south," and, at a later date, in a review of the foreign affairs of China written by the same correspondent, the following passage occurred :—

"As Russia claims and exercises these rights in the north, so Japan claims and exercises similar rights in the south, where she has become heir to all rights and privileges secured by Russia under her original railway agreements. In the exercise of these rights Japan forbids the Imperial railways of North China from entering the Chinese city of Mukden, and interdicts the Chinese railway from crossing the Japanese railway. At Kwan-cheng-tze, Tieh-ling, Mukden, Liaoyang, and other large cities of Manchuria past which her South Manchuria railway runs, Japan claims and exercises full authority within the railway territory, treating it as simply an extension of the leased territory of Dalny and Port Arthur. She has occupied large areas wherein she not only exercises administrative rights, but claims jurisdiction over the subjects of all nations. Among other regulations promulgated by the Japanese railway under 'Company Order 14' for the government of these territories is one establishing the right of domiciliary search and distrainment. Small wonder that the Niu-chwang Chamber of Commerce is alarmed at such a strange interpretation of the 'Complete evacuation of Manchuria,' which leaves Manchuria intersected throughout its greatest length by a strip of alien territory barring the commercial expansion of the sovereign power. Japan has many outstanding problems with China. Her policy since the war has not tended to inspire confidence."

Further testimony concerning the unfavourable conditions that prevailed in Manchuria was to be found in an interview, reproduced in the *Westminster Gazette*, with a medical missionary who had spent many years in the country.

"Unfortunately there is still one very serious objection to the Japanese administration of their line, and this springs entirely from the anti-foreign prejudices of the military and civil elements intermingled with it. It is emphasised, too, by the incompetency of the civil element and the singular

propensity for bullying which the great mass of the Japanese display. All this, in time, may disappear, but until it does there will be no confidence in the Japanese. At present the arrogance of the military and civil officials in connection with the railway is intolerable; and, while the continuation of this really disgraceful condition of affairs, in face of repeated assurances and explanations, is trying to the patience of all foreigners, it is giving rise to a great deal of ill-feeling against the Japanese among the Chinese. One thing that is responsible for the determination of the Japanese to assert themselves at all costs is the national wish to retain in their possession what they have fought for in Manchuria. No one really believes in the Japanese adherence to the Open Door, and much interest attaches to the future attitude of the Powers, now that America has come out into the open in connection with the *locus standi* of Russia in Northern Manchuria. Japan necessarily supports the Russian claim to exercise imperial rights, but obviously America has done the right thing, logical as well as just, in declining to accredit to Russia American Consuls that are stationed in Northern Manchuria. Japan, however, does not propose to run the risk of a second compulsory evacuation, and, consequently, a flood of immigration is pouring into the country. The Japanese admit that the great bulk of this movement is concerned with an undesirable element. Indeed the vast proportion of the women belong to the disreputable class, and this traffic in immorality disgusts the Chinese, who themselves are by no means a moral race. The Japanese hope that this scum will be replaced by a steadier flow of the better classes, but in the meantime the lives of the Chinese are not safe, and Chinese property is afforded no security at the hands of the Japanese in Manchuria."

The Japanese themselves were compelled to admit the shortcomings of their régime in Southern Manchuria. In the course of a speech Mr. Hagiwara, formerly Consul-General at Mukden, did not hesitate to compare the methods of Russia and Japan, to the detriment of his own country. "History," he added, "if carefully studied, showed that Russia effected much more by pacific means than by belligerent. Her most essential aggrandisement was due not to

force of arms but to skilful management." As illustrating this, he adduced the cases of the Chinese Eastern Railway and the Russo-Chinese Bank, two undertakings which, though initiated and carried out peacefully, would have contributed enormously to the extension of Russian influence had not unlooked for events intervened. The Japanese, on the contrary, he confessed, seemed to recognise the high hand only as a suitable weapon for extending their influence. Their aggressive demeanour in Manchuria was a convincing proof of this. It had the effect of estranging the Chinese inhabitants and marring the great opportunities which that region certainly offered.

Towards the end of 1908, a striking instance came to the notice of the writer which tended to show the positive character of Japanese influence in Southern Manchuria. A British merchant whose name is well known in China and who possesses large interests in Manchuria, came to England with a view to financing a mining concession covering a vast area in the province of Fengtien. In a memorandum concerning the matter it was explained that from "motives of policy," he had sold to "high Japanese interests" one half share in the concession for the sum of about £57,000. This extraordinary document went on to explain that "The sale to Japanese interests, which he (the concessionaire) knew to be weighty, was made for political reasons and not for the sake of the price, which was out of all proportion to value and only represented about one-half of what the concession had cost even up to that time. To appreciate his motive it must be remembered that the position of Japan in that country is very strong. She has established a protectorate over Korea, which is separated from Manchuria by the Yalu River, and she is steadily increasing her influence in Southern Manchuria, where also it may be said that she has virtually established a protectorate. Moreover, she holds the Southern Manchuria Railway, having taken over the position of Russia in that respect. Japanese political support, therefore, was so important to the concessionaire that he judged it cheaply secured by this 'sale.'" It must be confessed that a deplorable situation is revealed when British interests find it necessary, for the sake of political expediency alone, to hand over to the

Japanese a half share in a valuable property at a price stated to be merely nominal.

The evidence of the various authorities I have quoted affords abundant proof that the general conditions prevailing in Manchuria in 1908 were extremely unsatisfactory. In the face of the statements made by the Peking correspondent of *The Times*, who in the years preceding the war, and not only during the period of the war, but for some time afterwards, was friendly in his attitude towards Japan; the *North China Daily News*, a responsible organ of public opinion in China; and the correspondent of *Reuter's Agency*, to say nothing of the testimony advanced from independent sources, it is difficult to see how the apologists of Japan's policy can maintain their position. Certainly their allegation that the charges were merely the outcome of a craving for sensational "copy" in the mischief-making minds of yellow journalists is no longer tenable. Apart, however, from dissatisfaction with the general conditions as they prevailed in Manchuria, some complaints of a more specific nature were preferred against the Japanese régime. For instance, it was alleged that Japanese shipping was accorded preferential treatment in the matter of harbour facilities at Dalny. Writing in the *Kobe Herald* under date August 22, 1908, a correspondent observed that "during a prolonged residence in Tairen I have on numerous occasions seen berths kept vacant for Japanese vessels which were expected, while several foreign vessels were lying at anchor in the harbour waiting to discharge. On one occasion I observed that a berth was reserved for a Japanese steamer for three days, when there were three English ships which could not find accommodation. Not only this, but foreign vessels are shifted about from one wharf to another to make room for Japanese, and often have to discontinue work altogether and anchor in the harbour if the authorities want the berth for one of their own country's ships." That the preferential treatment, to which reference was made in this communication, was given to Japanese shipping, became a matter of common knowledge among foreign traders in Japan and in the open ports of China; and, moreover, it was made the cause of frequent and formal complaint to

their owners by captains of coasting steamers. In reply the Japanese admitted that the harbour facilities at Dalny were imperfect. They denied, however, that discrimination had been shown against foreign shipping, and alleged that any inconvenience experienced had been merely due to the lack of adequate wharfage. As an indication of the fairness of their treatment they mentioned that a dispute had occurred between one of their own steamship lines and the management of the South Manchuria Railway in regard to berthing facilities. They omitted to explain, however, whether this dispute arose as a result of a belief on the part of the Japanese firm that its ships were not receiving treatment equally as favourable as that given to foreign ships, or whether it was merely a complaint as to the inadequacy of facilities generally. In the absence of definite information on the subject the Japanese reply cannot be accepted.

Another serious charge preferred against the Japanese in 1908, and one which aroused their indignation in no small measure, was that of smuggling large quantities of goods into the interior. In a categorical reassertion of this charge an attempt has been made to show that when the value of the goods officially declared to be imported solely for consumption in the leased territory of the Kwantung Peninsula is worked out per capita of the Japanese population, the amount is proportionately so large as to warrant the inference that a not inconsiderable quantity of articles finds its way across the frontier into Manchuria without paying duty. It has been stated that during 1908 the total declared value of foreign goods imported at Dalny was £2,400,000, out of which aggregate the goods paying duty for admission to the interior represented only £600,000, leaving no less than £1,800,000 worth unaccounted for. The officially-inspired press of Tōkyō replied at length to this statement which in effect amounted to an indictment of the Japanese Government for having connived at systematic smuggling. In the first place, it was pointed out that the articles required for the use of the South Manchuria Railway Company were exempted by treaty provisions from the imposition of duties of any kind, and that during the year imports to the value of over £900,000 required for the use of the Company,

were consequently not included in the Customs Returns. The information thus conveyed was not sufficiently detailed to be conclusive. If, however, the £900,000 on account of articles imported by the South Manchuria Railway Company were deducted, there still remained an equal sum to make up the total amount of £1,800,000 alleged to have been lost by evasion of the Customs in 1908. The Japanese explanation was to the effect that £150,000 represented imports in the nature of duty-free supplies for the military railway guards, while the remainder was accounted for by goods intended for consumption in the leased territory, and, of course, also exempt from tariffs. To explain away the largeness of this last item, it was pointed out that the cost of living in the Kwantung Peninsula was relatively high when compared with the conditions as they existed in Japan, and that owing to industrial activity within that region machinery and other materials required for manufactures were imported extensively. It must be assumed, then, that the amount set down as required for supplies for railway guards was in addition to the considerable sum which, as we have been told before, is regularly sent through the medium of the Yokohama Specie Bank, to meet the expenses of the troops. To quote again the somewhat obscure official statement, the bank, "instead of sending money directly, loans it to cotton traders, who repay the money so loaned by selling goods in Manchuria."

Article VIII. of the Peking Treaty of 1905 declares that "The Imperial Chinese Government engage that all materials required for the railways in South Manchuria shall be exempt from all duties, taxes, and *likin*." In this connection it would be interesting to know whether the goods which the Japanese claim to be conventionally exempt from duty are "materials required for the railways in South Manchuria," or whether they are goods required for the multifarious concerns in which the South Manchuria Railway Company is interested. The question involved is not merely one of distinction; it is one of marked difference. As I have before pointed out, the scope of the South Manchuria Railway Company is exceedingly wide. In the extent of the powers and privileges it exercises it bears in constitution a close

resemblance to a chartered company formed avowedly for the exploitation of vast territories. Not only does it exercise what virtually amounts to sovereign rights over the railway zones, but, apart from the management of the system, it engages in a variety of commercial undertakings, both large and small, as, for instance, mining, water transportation, hotel keeping, house building, and the supply of water, gas, and electric light, &c. Some idea of the comprehensive character of the company and of its plans may be gathered from the statement made in February 1908, by Mr. Kubota, one of the managing directors. "The new enterprise to be commenced early in the next fiscal year," he said, "is the rearrangement and construction work on the land annexed to the company's line, and this will be completed in five successive years at an estimated cost of £10,000,000. The construction of schools, hospitals, parks, and waterworks, and the establishment of slaughter-houses and market-places must be speedily completed. The places where these works are to be undertaken are in close proximity to the important cities and towns, such as Mukden and Changchun. The company has decided to lease land belonging to the railway for the benefit of settlers, and the regulations for the purpose have already been drafted. The scarcity of dwelling-houses being held to be the chief hindrance to the development of the country and the progress of the railway business, the company is determined to build a number of dwelling-houses itself. The land annexed to important stations covers an area of from 800 to 1300 acres at each station, and will be sufficient to accommodate 100,000 settlers." As an illustration of the rigid methods employed to bolster up the monopoly of the South Manchuria Railway Company in certain branches of trade, an amusing story is related of a foreigner in Dalny, who, being the proud possessor of a cow, obliged a friend by supplying him for a small remuneration with two bottles of milk per diem. This procedure, however, being in competition with the dairies owned by the South Manchuria Railway, was stopped by means of a municipal bye-law forbidding private persons to engage in the milk trade. Even Japanese business men have been compelled by circumstances to complain that owing to

the varied activities of the company there is not sufficient scope for their individual effort. It is clear, therefore, that if the South Manchuria Railway Company is permitted to import, duty free, all goods required for its numerous undertakings, private enterprise will be placed at a serious disadvantage. As the company is engaged in an elaborate scheme of colonisation, it is equally clear that the private enterprise to suffer most will be that undertaken by foreigners rather than that initiated by Japanese. Assuming, however, that the Japanese Government accepts the tariff exemption of the Peking Treaty of 1905 as applying only to material required for the railways, the discretionary margin allowed in determining exactly what class of goods constitutes "materials required for the railways" is obviously wide.

The Japanese decision to construct a bridge over the Yalu River at Antung just below the Japanese settlement was also made the subject of adverse criticism in 1908, and it was generally agreed that the effect of such a structure would be seriously to hamper native trade. In his annual report the British Consul at Antung referred to the matter in the following terms: "This bridge would connect the two systems of the railways in China and Korea, and would have many advantages as linking up the Chinese and Korean frontiers. Such a bridge, however, if a fixed one, would entirely block the passage of the river for steamers of any size and also for Chinese junks, and would seriously interfere with the rafting of the timber. The Chinese native town which is above the Japanese settlement, would thus be entirely cut off from direct trade by steamer and large junk. It is much to be hoped, therefore, that in the interests of the general development of the trade of the port the Japanese Railway Bureau will be induced either to make a drawbridge at the point indicated, or to bridge the river at a point higher up above the Chinese town."

In a variety of other ways the Japanese endeavoured to obstruct the Chinese administration. An instance of the devious methods which they employed in order to gain their own ends was related by the Tōkyō correspondent of the *New York Herald*. Both stations at Mukden, he said, were remote from the city. The roadways to the Chinese station were

practically impassable, and the Chinese desired to construct a Macadam highway, essential for the proper accommodation of traffic. The route selected would have crossed the South Manchuria Railway, and, although it was proposed to build overhead bridges, the Japanese vetoed the plan, suggesting in its stead a circuitous route passing through a section which they had pre-empted as a railway zone. "This is highly undesirable," concluded the correspondent, "as it would permit of many embarrassments and obstacles, and give the Japanese practical control of traffic."

In view of all the circumstances it was not surprising that the Chinese administration was reduced to a state bordering on despair. Japan flooded the country with pompous officials, attired in uniforms that presented an endless variety in cut and style. In the Kwantung Peninsula there was, of course, a little army of officials, at whose head was a stern and uncompromising military autocrat. The railways, the posts, and the telegraphs were in charge of Japanese officials. The consulates, too, were provided with large staffs of officials, including constables wearing fearsome-looking swords. And, finally, there were the railway guards, with their imperious commanders, who were more often engaged in harassing peace-loving natives than in giving battle to brigands. While it not unfrequently occurred that these various sets of officials in their eagerness to grasp at power overlapped each other's duties and disputed each other's authority, they were at least at one in so far as they never hesitated, in promoting the interests of their own country, to trample underfoot the sovereign rights of China. However solemn may have been the treaty pledges given by Japan of her determination to uphold the integrity of China, all the actions of her representatives and of her settlers went to show that the popular mind regarded the Chinese in Southern Manchuria as a subject people. Whenever the native officials raised protests, the Tōkyō newspapers asserted that these were merely the outcome of the "rights recovery fever," symptoms of which, they invariably added, were to be seen throughout the whole Empire, threatening the interests of all foreigners, irrespective of nationality. In grave language they informed all those people who displayed the

least sympathy for China that such an attitude, however meritoriously inspired, could only be the outcome of ignorance of the peculiar workings of the Chinese mind; that the Japanese alone were specially fitted, by reason both of knowledge and experience, to define the real motives existing in the inmost recesses of the Chinese intellect; and that the world might rest assured that their only aim was to lead their continental neighbour, with as much gentleness as possible, along the path of peaceful progress. Moreover, they pointed to the corrupt character of the Administration as evidence of the inability of the Chinese to realise in what direction their true interests were to be found, and for a long time waved on one side, with something akin to contempt, the protests of local officials, alleging that these were merely the methods of ignorant obstruction. When the protests were persisted in they referred to them as evidences of the traditional obstinacy of the Chinese, and murmured threats of war and reprisal. The mere idea that China should seek to assert herself as against Dai Nippon—Great Japan—the all-conquering Empire of the Risen and still Rising Sun, was unthinkable! "China must be chastised forthwith," cried the Japanese politicians and press in concert. And when they had recovered from the shock of Chinese audacity in venturing to resist the will of Japan they fell to reproaches. China was ungrateful! She had failed to realise that Japan had fought, largely on her behalf, an epoch-making war with Russia, involving the sacrifice of thousands of lives and millions of money, and all in order that the lost provinces of Manchuria might be restored to her sovereignty. Finally reproaches gave way to pity. "Poor China," said the Japanese in a patronising way. "After all she does not know any better. We must civilise her—and this can best be achieved by insisting upon our rights gently but firmly, very firmly. Some day perhaps we shall reap our reward!"

That there was some truth in the Japanese assertion that the Chinese pursued a policy of obstruction could not be denied. This circumstance, however, was largely due to the weakness of the Central Government, who in the course of negotiations endeavoured in certain instances to recover rights previously signed away in the formal and binding

provisions of treaties. For several years past serious attempts had been made, not without success, to improve the provincial administration in Manchuria. An Imperial edict issued in April 1907 re-constituted the government of the territory. The three provinces were placed under a Viceroy, and instead of a Tartar general a governor was appointed at the head of affairs in each province. Moreover, it was noteworthy that the officials nominated to these high posts were Chinese in place of Manchus, who had formerly held power. Various domestic reforms, both social and economic in character, were subsequently introduced. As already pointed out, however, the overbearing attitude of the Japanese, together with the weakness displayed by the Central Government, reduced the Viceregal authority to such a serious extent as to render nothing more or less than farcical its attempts to uphold the sovereign rights of China.

Early in the year 1908 Japan presented some extraordinary proposals for a postal convention. Among other things she claimed a permanent right to carry mails, without reference to the Chinese post, on the Chinese railway between Pekin and Mukden and between Pekin and Niu-chwang, also between the Japanese post-offices and other Chinese railways in Manchuria. Furthermore, she required China to treat her mails to Manchuria as foreign not domestic, paying the Japanese railway transit rates in accordance with the Postal Union tariff, and it was also sought to insert a clause giving to Japanese mail steamers and launches the right to ply on inland waters, charging Postal Union rates for any Chinese mails carried. Dr. Morrison, in communicating these details to *The Times*, expressed the opinion that the claims of Japan, if admitted, would involve a serious infringement of China's sovereignty and would prove a death-blow to the national postal service. He mentioned that the action of the Japanese was based on the privilege accorded to military mails before the evacuation, and ignored the instructions of the Wai-wu-pu, published in 1903, that the Chinese Government should only carry Chinese mails. "If the Japanese claim is admitted," he added, "the post-offices of other nations must be allowed to carry mails indiscriminately throughout China."

That the Japanese should seek to extend their postal facilities was looked upon as the limit of effrontery. Already the interests of foreign merchants in Manchuria had suffered sufficiently from the incompetence of a postal service which in spite of the protestations of China had been perpetuated since the days of the military occupation ; and complaints of the loss of letters and of excessive delay in delivery were frequent. As an instance of the ill-behaviour of the petty officials, it may be as well to quote the case of an outrage which occurred at the American Consulate-General, perpetrated at the instigation of a letter-carrier. The following independent account of the incident was published at the time: "A Japanese postman, carrying the mails for the American Consulate, chose to enter from the adjoining compound through a private barred gate, instead of going round, as was usual, to the public entrance. The Chinese consular messenger opposed the postman's entrance, whereupon he was promptly attacked by the postman. Alarmed by the noise of the quarrel, which was immediately outside the consular office, Mr. W. D. Straight, the American Consul, rushed out and after some difficulty separated the combatants, and leading the postman back through the neighbouring compound, occupied by some lama priests, showed him the proper entrance. Ten minutes later, the postman, with four other Japanese, returned to the main gate of the Consulate, forced an entrance, and, seeing the office coolie, the postman pursued him into the inner court, occupied as a residence by the Consul, and broke into the Consul's bedroom. Here, unable to catch the messenger, who ran yelling to inform the Consul, the Japanese intruders struck another coolie and dragged him by his queue to the gate. One of the Japanese assailants bit the Chinese coolie in the face. The Consul, brought from his office by the cries, ran across his residence court, arriving in time to meet the bitten coolie as he was being dragged out of the gate by his hair. It was a scene of riot. Three other consular servants had been assaulted, and dragged outside, where they were held by their pigtails by one Japanese while two other Japanese jumped upon them. The messenger and the gate man, reinforced by three other consular servants who had arrived

upon the scene with sticks, and several members of the Chinese police turning up, the Consul, with their assistance, separated the combatants, and lodged the postman with three other Japanese in the gate-house, where they were held under guard while the Japanese police were summoned. The latter not appearing, and the crowd about the gate beginning to grow, the Consul, armed with a revolver, put his four prisoners into two Chinese carts and conveyed them under police escort to the Japanese Consulate, where he handed them over to Mr. Kato, the Consul-General." The Japanese authorities were exceedingly tardy in offering redress, and some of the newspapers published in Tōkyō even went the length of making serious reflections upon the conduct of Mr. Straight, who at the time was one of the most distinguished members of the American consular service, and who, on behalf of his country, has since been representing high financial interests in negotiations of far-reaching importance in China.

The first agreement on any outstanding question during the year was that signed at Peking on May 16th in connection with the joint exploitation of the Yalu forests, an outline of which is given in the chapter dealing with the resources of Manchuria. During the war the Japanese military authorities seized the forests, and in the process of working them accumulated considerable plant and material. Article X. of the Peking Treaty of 1905 was to the effect that "The Imperial Chinese Government agree that a joint-stock company of forestry composed of Japanese and Chinese capitalists shall be organised for the exploitation of the forests on the right bank of the river Yalu, and that a detailed agreement shall be concluded in which the area and term of concession as well as the organisation of the company and all regulations concerning the joint work of exploitation shall be provided for. The Japanese and Chinese shareholders shall share equally in the profits of the undertaking." Japan officially informed China that the military exploitation would cease and the plant be handed over as soon as a joint company was organised. Prolonged negotiations followed, and in the meantime Japan continued to work the forests on her own account. China contended that the

area of the concession should be restricted to the main stream of the Yalu and ten of its affluents, that the period should be limited to twenty-seven years, and that 15 per cent. of the profits should be paid to her before any dividend was declared. Japan, on her side, demanded that the whole valley of the Yalu river, including the Hun-ho region, should be regarded as the area of the concession, that the period should be unlimited, and that no preferential claim to profits should be recognised. Eventually, Japan's claim in the matter of area was admitted, but the period of the concession was limited to twenty-five years. Attention should be drawn to the fact that at the time the agreement was signed Japan had already enjoyed nearly three years' exploitation of the forests. She attributed this circumstance to the delay occasioned by the "extravagant demands of the Chinese." That the final agreement was in the nature of a compromise would appear to indicate that the attitude of China was not by any means unreasonable.

The second agreement of importance to be arrived at during the year was a telegraph convention, signed at Tōkyō on October 12. While the negotiations were in progress Mr. F. N. Dresing, the distinguished adviser to the Chinese Imperial Telegraphs who represented China, was the victim of a dastardly outrage which throws an unhappy light upon the methods of the Japanese. When asleep he was chloroformed, and all his private papers, including many confidential agreements relating to the Chinese telegraph service, were stolen. Needless to say, the authorities expressed their amazement no less than their regret at the unfortunate incident, but no culprits have ever been arrested, nor have any of the stolen documents been recovered. The following is a summary of the telegraph convention alluded to:—(1) The Dalny–Port Arthur–Chefoo cable shall be of two sections, the Manchurian end being worked by Japan and the Chefoo end by China, the connection being at a point seven and a half miles from Chefoo; (2) Japan undertakes under reserve of the most-favoured-nation treatment not to land submarine cables or construct telegraph or telephone land lines or establish any kind of wireless telegraphy in China outside her leased or railway territories without first obtaining the consent of the

Chinese Government; (3) Japan also undertakes on the payment of 50,000 *yen* (about £5000) immediately to hand over to China all Japanese telegraph lines in Manchuria outside her railway territory; (4) Japan will not extend her present telephone system in Manchuria without first obtaining the consent of the Chinese Government; (5) China undertakes to place special telegraph wires between the Treaty Ports, Antung, Niu-chwang, Liao-yang, Mukden, Tie-ling, Kwang-cheng-tsze, and the railway territory at the exclusive disposal of the Japanese Government for a period of fifteen years, the telegraph service on such wires to be worked by Japanese clerks in the employ of the Japanese Government from the Chinese telegraph buildings, but only used for the exchange of telegrams from or to places under the direct control of the Japanese telegraph system; (6) Japan also undertakes to pay China a small annual royalty on all messages forwarded over the Japanese Manchurian telegraph lines.

Other important matters—the Fa-ku-menn and other railway questions, and the Chien-tao dispute—reached an acute stage in 1908, and were the subject of prolonged overtures and negotiations during that and the succeeding year. Early in 1909 a world-wide sensation was caused by the curt dismissal from power of Yuan Shih-kai, the great Chinese statesman, whose aims had always been essentially progressive, and whose policy had been consistently directed towards the maintenance of national integrity. Although the earlier despatches relating to the crisis seemed to indicate that Japan was not altogether disinterested in the dismissal of Yuan Shih-kai, later telegrams which gave information concerning the grouping of the Powers on the question, made it clear that the Island Empire was engaged in an endeavour to increase her influence in China. To begin with, we were told that Japan was the only country which the Chinese authorities considered it necessary to inform before the event. When the Ministers of Great Britain and the United States were in favour of making representations to the Chinese Government on the subject, Japan, together with other Powers, favoured a policy of non-interference. Information received from Tōkyō, which was practically

semi-official, declared that so far as Japan was concerned she did not care who was in power at Peking; that it would be improper for the Powers to interfere with China so long as she was able to maintain order; and that it was not believed that the retirement of only one statesman could hamper the Throne's policy of constitutional and other reforms. In the same breath, we were also informed that one leading Tōkyō paper pointed out "that Yuan Shih-kai's change of attitude after the Russo-Japanese War embarrassed the Chino-Japanese negotiations in Manchuria. Moreover, it is rumoured that the mission of Tang Shao-yi, whose despatch to America was chiefly on Yuan Shih-kai's initiative, was rather unfavourable to Japan"; that the troops of the six divisions stationed near Pekin were confined to barracks; and that Yuan Shih-kai's dismissal caused a commotion among the native population. Further information of an interesting and confirmatory nature was given by Dr. Morrison, who in a despatch from Peking to *The Times* said that the Powers were disagreed, and added: "It is known here that both Japan and Russia opposed the making of representations, especially Japan, who cannot but view with contentment the removal of the most formidable opponent of her Manchurian policy at the very outset of the negotiations regarding Manchuria, which began on December 28th. The intimacy of the Japanese military representatives with Tieh-liang is well known, as is the influence of the Japanese Legation over Na-tung, who now controls the Wai-wu-pu." It should be explained that Tieh-liang was the principal enemy of Yuan Shih-kai, and that Na-tung, who is reputed lately to have become more enlightened, was so much involved in the Boxer trouble that he owed his escape from inclusion in the list of officials who were punished to the influence of the Japanese. Yuan Shih-kai had always been a strong opponent both of Russian and Japanese aggression in Manchuria, and in view of the negotiations then in progress regarding Manchuria, it would seem that his dismissal was not altogether ill-timed from the point of view of the Powers interested, and more especially that of Japan. While Tōkyō affected not to attach much importance to the disappearance of Yuan Shih-kai from the political arena at this, one of the

most critical moments in the history of China, it was unable to suggest the name of any statesman capable of carrying on the great work of reform which he had inaugurated.

The passing of Yuan Shih-kai from the scene paved the way for the signing at Peking on September 4, 1909, of a Convention dealing with the outstanding questions in Manchuria. These questions, together with the Antung-Mukden Railway dispute, are of such far-reaching importance as to warrant separate treatment. There can be little doubt in impartial minds that China, deprived of her only commanding and disinterested statesman, Yuan Shih-kai, was compelled to submit to a further sacrifice of sovereign rights. The publication of the agreement aroused an angry sentiment throughout the length and breadth of the land, and a boycott of Japanese goods in Manchuria was only suppressed after stern remonstrances had been administered from Tōkyō. A striking instance of the assertion of the popular mind was afforded at Pao-ting-fu, where it was found necessary to repress speakers at the preliminary session of the Provincial Assemblies, called in conformity with the proposed Constitution, on account of their insistent demands that all the later agreements with Japan should be cancelled. It was indeed significant that while the Press of Tōkyō hailed the Convention as a concession to the spirit of compromise, public opinion in China condemned it as a diplomatic blunder. The impartial view of foreigners resident in China was represented by the *North China Daily News*, which ventured the weighty prophecy that "it may be in the distant future that Japan will be found to have lost more than she has gained by her ruthless action. Nature as well as the circumstances of her advent to greatness clearly designed her to be the helpmeet and counsellor of the neighbouring Empire. The advantages of that position she has deliberately thrown away by a series of hard bargains, which it is not in Chinese nature to forget." The *Nichi Nichi* alone among the Japanese newspapers agreed with its English contemporary. It regarded the Convention as having merely accomplished the removal of a sentimental obstacle between the two Powers, and expressed the opinion that the day of the final and complete readjustment of their relations was still remote.

All serious students of the complex problems of Eastern Asia recognised that the Manchurian Convention not only finally established but enormously strengthened the influence of Japan in the southern region. The agreement which, at a later date, she arrived at with Russia to maintain unimpaired the *status quo* in the Three Eastern Provinces, was a plain declaration on the part of these two Powers to the rest of the world that they would not permit their actions to be challenged. But without doubt the Manchurian Convention paved the way for a declaration of this kind. It is unlikely that when China comes to the fulness of her powers she will forget the harsh conduct of her Oriental neighbour. In the meantime she harbours a feeling of resentment which is none the less real because it is not made manifest in active hostility. But Japan may yet realise to her cost that this feeling, which is shared alike by all classes in the country, is finding expression in the attitude of the Chinese in commercial relations. One cannot help thinking that, apart altogether from any question of ethics, Japan has erred in her own interests by pursuing a policy of aggression more ruthless than any adopted by the Powers of the West, instead of extending and consolidating her influence in China by the more gentle means of guidance and restraint.

# LX

## THE FA-KU-MENN RAILWAY SCHEME

THE dispute in connection with the Fa-ku-menn Railway project raised many issues of international concern, and led to a revelation of the wide privileges claimed by Japan in regard to the all-important matter of railway development in Southern Manchuria. Although a final settlement was reached and incorporated in the Manchurian Convention of 1909, the general principles involved have been again revived in connection with the proposal for the construction of a railway from Chin-chau to Aigun. Therefore, a brief history of the Fa-ku-menn scheme, and of the keen controversy it produced, becomes essential to a complete knowledge of the new situation that has arisen in the Far East. On November 8, 1907, an agreement was concluded between the Chinese Government and Messrs. Pauling & Co., the well-known British railway contractors, providing for the construction of a railway, fifty miles in length, from Hsin-min-tun, the northern terminus of the Imperial Railways of North China, to Fa-ku-menn, a prosperous city, situated amid one of the most fertile districts in the whole of Manchuria. The British and Chinese Corporation agreed to advance to the Chinese Government a loan for the purpose of defraying the cost of the undertaking. It should be explained that for many years China had in contemplation the extension of her line northwards from Hsin-min-tun. Her agreement with the British and Chinese Corporation in 1898, providing for the construction of a railway from Chung-hou-so to Hsin-min-tun, with a branch line to Ying-tzu (Yin-kow), contained the following clause: "Should it be decided hereafter to construct branch lines or extensions connecting with the lines herein named, their construction shall be undertaken by the

Railway Administration, and should the funds of the Railway Administration be insufficient for that purpose it shall apply to the Corporation for the same." As soon as Japan heard that negotiations were in progress for the extension of the system to Fa-ku-menn, she lodged strong protests with the Chinese Government; but in spite of her opposition the agreements already alluded to were signed. Primarily she based her attitude upon a protocol annexed to the Peking Treaty of December 1905, the official translation of which read as follows: "The Chinese Government engage for the purpose of protecting the interests of the South Manchuria Railway, not to construct, prior to the recovery by them of the said railway, any main line in the neighbourhood of and parallel to that railway, or any branch line which would be prejudicial to the interest of the above-mentioned railway."

It was agreed at the time that the terms of this Protocol should remain secret, but early in 1906 Japan rightly ignored the understanding, and communicated the text to her ally, Great Britain, who raised no objection to its provision. Japan, however, did not rest her claim to veto the construction of the Fa-ku-menn Railway upon the Peking Protocol alone. She represented that it merely confirmed her in the possession of rights already secured by treaty. A statement issued in support of her case contained the following passage: "Russia, at the time when she owned the South Manchuria Railway, clearly foresaw the danger to be apprehended from possible competition, and to safeguard her interests in that respect she inserted in the Convention with China of April 8, 1902, relative to the restoration of Manchuria, a stipulation providing that in case, in future, an extension of the Shan-hai-kwan–Yin-kow–Hsin-min-tun line, or the construction of branch lines in the southern part of Manchuria, was to be undertaken, the matter should be previously arranged by an understanding between the Russian and Chinese Governments. This measure of reasonable precaution did not provoke any hostile criticism. The silence on the part of British subjects may, however, be explained by the fact that they were at the time practically excluded

from railway exploitation in regions north of the Great Wall by the Anglo-Russian understanding of April 28, 1899. Japan, by Article VI. of the Treaty of Portsmouth, and Article I. of the Treaty of Peking of 1905, succeeded to all the rights, privileges, and properties of Russia in the South Manchuria Railway. But desiring to have her rights placed beyond question, she obtained from China the engagement to which the Niu-chwang Chamber of Commerce now so seriously objects. If the engagements secured by Russia from Great Britain in 1899 and from China in 1902, were not unreasonable, it is difficult to understand why Japan's engagement with China of 1905 should be condemned." On the surface the Japanese contention appeared to be unanswerable, but in reality it ignored certain important facts that were essential to an impartial consideration of the whole case. In April, 1899, as a consequence of the agreement arrived at between the Chinese Government and the British and Chinese Corporation with reference to financing the construction of the Shan-hai-kwan–Yin-kow–Hsin-min-tun railways, Great Britain and Russia exchanged a Note, the principal clauses of which were as follows:—

"(1) Great Britain engages not to seek for her own account, or on behalf of British subjects, or of others, any railway concessions to the north of the Great Wall of China, and not to obstruct, directly or indirectly, applications for railway concessions in that region supported by the Russian Government.

"(2) Russia, on her part, engages not to seek for her own account, or on behalf of Russian subjects or of others, any railway concessions in the basin of the Yang-tsze, and not to obstruct, directly or indirectly, applications for railway concessions in that region, supported by the British Government."

It is to this Note that the Japanese refer when they seek to account for the silence of Great Britain in regard to the stipulation inserted by Russia in her Convention with China in 1902, that in the event of it being decided to extend the Shan-hai-kwan–Yin-kow–Hsin-min-tun system, or to construct branch lines in Southern Manchuria, the matter should previously be

arranged between the two Governments. The assertion contained in the Japanese official statement that British subjects were "practically excluded from railway exploitation in regions north of the Great Wall" was misleading. The Note of 1899 exchanged between Great Britain and Russia was supplemented by a further note, which has become known as the "Additional Note." This second agreement made it clear that the general arrangement established in both Notes was not to infringe in any way the rights acquired under the loan contract between the Chinese Government and the British and Chinese Corporation. One of these rights, as already mentioned, was that of the Corporation financing, should necessity arise, the construction of branch lines or extensions. Clearly the Convention concluded between Russia and China in 1902 could not render null and void the solemn understanding arrived at by Great Britain and Russia in the Notes exchanged in 1899. In answer to this presentation of the case the Japanese would doubtless affect surprise that Great Britain did not enter a vigorous protest at St. Petersburg. When, however, it was urged that the Peking Protocol prohibiting the construction by China of any main line in the neighbourhood of and parallel to the South Manchuria Railway was contrary to Article IV. of the Portsmouth Treaty, they did not hesitate to reply that such treaty was between Russia and Japan, and that if Japan concluded engagements with other Powers, inconsistent with that instrument, it was for Russia to call her to account. It was to be presumed, therefore, that had Great Britain protested against the Manchurian Convention of 1902, she would have received an answer from Russia similar to that given by Japan in the case of the Peking Protocol, namely, that the Convention was between Russia and China, and was their affair alone. As a matter of fact the whole problem of Manchuria had become acute in 1902, and it was no secret that Great Britain was opposed to the general policy of aggression pursued by Russia, more especially in view of the fact that that Power, by indirectly seeking privileges within the British sphere of influence—the Yang-tsze region—had transgressed the spirit of the agreement

contained in the Notes exchanged in 1899. The first Treaty of Alliance concluded between Great Britain and Japan on January 30, 1902, was in itself a sufficient indication of British disapproval of the actions of Russia in Manchuria, for in this treaty the High Contracting Parties recognised that it would be admissible for either of them to take such measures as might be indispensable in order to safeguard their interests in China. The whole-hearted support accorded Japan in time of war was a further and altogether conclusive manifestation of British disapproval of the methods followed by Russia in Manchuria; and there could be no doubt in any reasonable mind that this disapproval extended to, if, indeed, it was not actually called forth by, the ambitious character of Russian railway schemes, including the provisions of the Convention with China in 1902 which sought indirectly to override the agreements of 1899 wherein China pledged herself, in the event of requiring funds for extending the railways in North China, or for constructing branch lines, to deal with the British and Chinese Corporation. The contention of Japan, therefore, that by silence Great Britain gave consent to Russian privileges which she, Japan, inherited, cannot be accepted. It will be seen that in the case of the Fa-ku-menn Railway, as in many other matters affecting international interests in Manchuria, Japan sought to justify her actions by reference to Russian precedent. In the flush of victory she seemed incapable of realising that if she followed so closely the worst features of her predecessor's policy, then her régime became equally as objectionable as was that of Russia. In further defence of her attitude, Japan maintained that the only pledge she had given to the Powers was that of her intention to preserve inviolate the doctrine of the Open Door. She added that Great Britain, the United States, Germany, France, and Russia, who also expressed their adherence to this doctrine, had at the same time supported in favour of their subjects the acquisition of railway concessions that were safeguarded from rival undertakings by provisos the terms of which were almost identical with those of the prohibitory clause in the Peking Protocol. The cases quoted in support of this statement

—the Chen-ting-Taiy-uan Railway Agreement with the Russo-Chinese Bank, the Hankow-Canton Railway Agreement with the American China Development Company, and the Canton Kow-loon Railway Agreement with the British and Chinese Corporation—were hardly analogous, for they related to undertakings in which the co-operative, as opposed to the monopolistic, principle was never in question, and which were situated within territory where, in the strictest sense of the term, the sovereignty of China could not be assailed. In these instances, therefore, it was extremely unlikely that so wide a view as to what constituted a competitive route would be taken as in the case of the South Manchuria Railway, a system owned by Japan and employed by Japan in such a manner as to reduce to farcical proportions all considerations of China's sovereignty, not only in the region it traversed but far beyond. Finally the Japanese sought to justify their veto upon the Fa-ku-menn project by reference to the policy pursued by Germany, who, they declared, "in virtue of her Kiao-chau engagements with China, claims the exclusive right of railway exploitation in the province of Shan-tung." But a reference to the agreement concluded between China and Germany shows that the Japanese had misstated their case. Germany does not claim the right to exercise a veto on Chinese enterprise in Shan-tung; she merely insists that in the event of any railway or mining undertakings being decided upon, and foreign capital and material required, the Chinese should give her capitalists and manufacturers the first offer of co-operation. Japan's attitude thus implied that she on her part was determined as far as possible to monopolise railway exploitation in the region of Southern Manchuria, and against this larger pretension the question of her right to forbid the construction of the Fa-ku-menn line seemed to sink into insignificance. Her former actions in regard to the Hsin-min-tun–Mukden, and the Kirin-Changchun lines had already given some substantial indication that it was her intention to insist upon China borrowing from the South Manchuria Railway Company whenever funds were required for railway extension. In citing in vindication of her own attitude the policy formerly

pursued by Russia in Manchuria, and that followed by Germany in Shan-tung, Japan overlooked the fact that in neither instance did the rest of the Powers give sanction to the usurpation of China's sovereign rights. She herself went to war with Russia largely on account of her extreme dissatisfaction with that country's exclusive methods in Manchuria, while German administration in Shan-tung has always been and still remains a source of loud complaint among the Japanese, who assert that it is a flagrant violation of the integrity of China, and altogether opposed to the principle of equal opportunity. At the time it was pointed out that if the claim of the Japanese to the exclusive right of railway exploitation in Southern Manchuria were admitted, then Russia could not be denied privileges of a similarly comprehensive nature in Northern Manchuria. Monopolies on this scale would render still more farcical than it is at present the doctrine of the Open Door, and if they did not lead to complications elsewhere of a magnitude likely to threaten the integrity of the Empire as a whole, would at least banish for ever the last semblance of China's sovereigntyfrom Manchuria. For railway exploitation in China, as in other remote parts of the world, is invariably the cloak for territorial aggression.

The Chinese Eastern, the South Manchuria, and the Antung-Mukden Railways afford striking proof of the fact that this aggression does not always end with the construction of the line. In these instances territory known as "railway zones" has been annexed, mining privileges acquired, subsidiary enterprises founded, and garrisons in the form of "railway guards" established. It may still be urged that it is hardly fair to expect Japan to follow in Manchuria a more generous policy than that adopted by Germany in Shan-tung. This argument can be answered effectively by a simple statement of fact. The claims of Germany have not received the unanimous support of the Powers; the contingent occupation of Wei-hai-wei by Great Britain constitutes an established protest against the finality of such claims; and, moreover, whatever may be the pretensions of Germany in regard to the exploitation of Shan-tung outside leased territory, these can only be admitted in so far as they are consistent with the commonly-accepted

principles of the Open Door and of equal opportunity. In short, it cannot again be too clearly emphasised that Japan does not improve her case by alleging that other Powers have set her a bad example which she is bound to follow. Were her aggressive policy to be sanctioned on the score of precedent, then territorial concessions could not be denied other countries, and the oft-threatened partition of China would be precipitated. When the Japanese boldly assert that the attitude of their Government has been, and is still, in perfect accord with the doctrine of the Open Door, and in the same breath—almost superfluously it would appear—seek to justify it by pointing to irregularities committed by Germany and Russia, irregularities which on other occasions they have been only too ready to condemn, they are guilty of very palpable inconsistency. An impartial consideration of the arguments adduced compels one to arrive at the conclusion that the Japanese case in connection with the Fa-ku menn Railway rests solely upon the Peking Protocol of 1905 Article VI. of the Portsmouth Treaty, which assigned to Japan the South Manchuria Railway "with all rights, privileges, and properties appertaining thereto," and Article I of the Peking Treaty of 1905, which conveyed the consent of China "to all the transfers and assignments made by Japan to Russia," have been cited over and over again as proving the legitimacy of the Japanese claim. It is however, seriously open to question whether, in view of the solemn obligations imposed upon all nations to maintain the Open Door throughout China, the rest of the world could be expected to recognise the provisions of a treaty which might in certain contingencies be used to justify a departure from the generally-accepted policy. In plain language, Russia could not assign to Japan "rights and privileges" of far-reaching consequence that were fundamentally opposed to what Japan and the Powers, friendly to her cause, regarded as the dominating issue of the war —the safe-guarding of the principle of equal opportunity. It would, indeed, be illogical to admit the term "rights and privileges" as applying to promises that were wrung out of China at the point of the bayonet, and which, if the Russian interpretation of their meaning prevailed, might have had

the effect of slamming the door in the face of the Powers pledged to keep it open. In regard to the cession of the South Manchuria Railway, circumstances were altogether different, inasmuch as this property was undeniably within the theatre of war, and passed into the possession of Japan by right of conquest. It could with reason be objected that the clause in the Russo-Chinese Convention of 1902, providing for an understanding between the two countries in the event of a decision to extend the Shan-hai-kwan–Yin-kow–Hsin-min-tun system did not constitute one of the privileges appertaining to the South Manchuria Railway, and therefore a privilege "transferred and assigned" to Japan. Had it merely guarded against the construction of a competitive line, then perhaps the claim of Japan to an inheritance of its "rights and privileges" might have been admissible, but as a matter of fact it was so loosely worded as to leave the way open for negotiations of far-reaching consequence, negotiations that might conceivably threaten the acquired interests of the British and Chinese Corporation in regard to loan prospects. Obviously, any understanding concluded between China and a single Power must of necessity be a subject of concern to other Powers who are interested in the maintenance of the Open Door. To justify her veto of the Fa-ku-menn Railway, Japan found it expedient to rely upon the Peking Protocol of 1905; she only rested her case in part upon the provisions of the Russo-Chinese Convention of 1902. The questions naturally arose as to whether the Peking Protocol was consistent with (1) the doctrine of the Open Door as clearly defined in the Treaty of Alliance and in other international agreements to which Japan was a party; (2) Article IV. of the Treaty of Portsmouth, which provided that "Japan and Russia engage not to obstruct any general measures, common to all countries, which China may take for the development of the commerce and industry of Manchuria." It was significant that British merchants in China were practically unanimous in the belief that the attitude taken up by the Japanese was contrary to their treaty-pledges, and influential bodies like the China Association, nd the Chambers of Commerce of Shanghai, Tientsin, and Niu-chwang made strong representations on the subject to

the Foreign Office. A reply to a statement of Japanese official views "written from Peking," published by the China Association, attracted considerable attention. This reply made a strong point of "the fact that the position herein assumed by the Japanese Government is frankly based on *ante-bellum* precedents, implying recognition of that very 'sphere of influence' policy which it was the avowed object of the Anglo-Japanese Alliance to replace by the independence and territorial integrity of the Empire of China, and equal opportunities for the commerce and industry of all nations."

"That the Japanese Government," it continued, "in the face of the unmistakable declaration contained in the preamble to the Treaty of Alliance, should now permit the justification of the position assumed in regard to the Fa-ku-menn line by reference to the position occupied by Germany in Shan-tung, is somewhat disturbing," and concluded: "If the question be considered simply in the light of Japan's definite and undeniable obligation to recognise and maintain China's unimpaired sovereignty in Manchuria, and to promote the development of China's commerce and industries in that region, then assuredly (and because the greater includes the less) the Peking Agreement of 1905 and its supplementary clauses must be interpreted in the light of the declared principles and objects of the Anglo-Japanese Alliance. For, if otherwise interpreted, it is evident that the Japanese Government has failed to observe that clause of the Treaty of Alliance which, having for its object the mutual protection of the established interests of both Powers, provides that 'neither of the contracting parties will, without consultation with the other, enter into separate arrangements with another Power to the prejudice of the interests described in the agreement.'"

The Niu-chwang Chamber of Commerce also entered a vigorous protest against the Japanese veto, pointing out that in view of Article IV. of the Treaty of Portsmouth, the action of Japan in exacting or receiving from China an undertaking such as that contained in the Peking Protocol, which was diametrically opposed in principle and practice to the pledge she had herself given to the world Powers, must be considered to have been *ultra vires*, and therefore

the said undertaking by China was "null and void and of no effect." To this statement the Japanese replied in the following terms:—

"The pronouncement that the Peking Agreement of 1905 was violative of Article IV. of the Treaty of Portsmouth and opposed to the pledge given by Japan to the Powers, is a statement that the Niu-chwang Chamber of Commerce was not competent to make, and one which that body would never have made, if it had given due consideration to the question. The Treaty of Portsmouth was between Japan and Russia, and if Japan has concluded engagements with other Powers, inconsistent with that Act, it is for Russia to call her to account. The Peking Agreement was concluded with China, and the Chinese Plenipotentiaries had the Treaty of Portsmouth before them when negotiating that agreement. Accordingly, it may be assumed that China, no less than Japan, considered that agreement as entirely reconcilable with the Portsmouth Compact. . . . The Niu-chwang Chamber of Commerce places great reliance on Article IV. of the Treaty of Portsmouth. Accordingly, it may be explained that a measure which is injurious to one Power cannot fairly be regarded as a general measure 'common to all countries.'" The Japanese appeared to have overlooked the fact that Article IV. was inserted in the Portsmouth Treaty for the purpose of protecting the sovereign rights of China and safeguarding the principle of equal opportunity, and that had it not been for some provision of this kind other Powers concerned in the future of Manchuria would have raised objections. On the one hand the Japanese claimed that their attitude was consistent with the policy of the Open Door, while on the other they urged that if they had departed from that policy as expressed in Article IV. of the Portsmouth Treaty it was for Russia and Russia alone to call them to account. It must be confessed that this view of their international obligations was, to say the least, an exceedingly novel one, for Article IV. of the Portsmouth Treaty merely embodied a principle that is to be found established in the Anglo-Japanese Alliance and agreements concluded by Japan with other Powers, a principle, moreover, the professed adherence to which secured for

Japan the sympathy of Great Britain and the United States during the war, and which enabled Japan to negotiate peace terms at the conclusion without fear of international complications. Were the Japanese view to be upheld it would virtually amount to an admission that the two signatories to the Portsmouth Treaty were alone competent to judge as to whether or not each other's actions were contrary to the policy of the Open Door. As both Powers were adopting measures purely of self-interest within their respective "spheres of influence" it would be difficult to see how either of them could be expected to pose as the champion of international rights, more especially when it is remembered that the one finds ready excuse for its own conduct by a reference to the precedent set by the other!

The second part of the Japanese answer to the Niu-chwang Chamber of Commerce to the effect that "a measure which is injurious to one Power cannot fairly be regarded as a general measure 'common to all countries,'" and as therefore coming within the scope of Article IV. of the Portsmouth Treaty, obviously left room for discussion as to whether the Fa-ku-menn Railway was injurious to "one Power"—the one Power to whom reference was made being, of course, Japan. No doubt could exist in any impartial mind that Japan had the right to take precautions that would within reason protect the South Manchuria Railway from serious competition. The Peking Protocol of 1905, if fairly interpreted, was eminently sound and business-like. It would have been still more sound and business-like had the area within which no competitive line was allowed, been stipulated. For this omission, however, there was some precedent in the texts of the agreements concluded between China and other foreign parties, though, as already pointed out, these were not altogether applicable, for the reason that they were concluded in connection with Chinese railways under Chinese control. I have dealt at length with the general arguments adduced by Japan, not because I deny the legitimacy of their claim to veto a competitive line likely to work serious injury to the South Manchuria Railway, but because these arguments—many of which, as I have shown, are not even applicable to the case in point—throw a

curious light upon the Japanese interpretation of their solemn obligations in the whole matter of the policy of the Open Door, and suggest that the future of the Far East is beset with problems of extreme gravity. I am not, however, disposed to admit that the Fa-ku-menn Railway could be regarded as a competitive line likely to work serious injury to the South Manchuria Railway, nor is it easy to imagine how any one who has not the advantage of detailed evidence collected as a result of impartial investigation on the spot would be justified in venturing a definite opinion on the subject. The question at issue appeared to be one specially suited to the methods of arbitration; but when China suggested reference to the Hague Tribunal as a way out of the difficulty, Japan flouted the idea and professed that its acceptance would have involved her in a serious loss of dignity. The lukewarm attitude of Great Britain was exceedingly discouraging to those who had been led to believe that the Alliance with Japan was a guarantee that, whenever it was alleged that the principle of equal opportunity had been threatened or infringed, prompt and effective measures would be taken to secure thorough investigation into the cause of complaint.

To the representations that were made, the British Government replied that China was bound by her distinct promise not to construct any railway which would compete injuriously with the South Manchurian line, and in the face of that engagement it remained for the syndicate to prove to the satisfaction of the Japanese Government that the proposed road would not constitute such a competitor. This declaration, in effect, surrendered to Japan the right to veto railway extension throughout the whole of Southern Manchuria, for it vested entirely in her the power to decide as to what would constitute a "railway which would compete injuriously with the South Manchurian line." It was nothing more or less than an abandonment of the policy of the Open Door in its relation to the vast territory of Manchuria, for it is obvious that if Japan is granted a favoured position, Russia cannot be denied the enjoyment of exclusive privileges in the northern region. The precedent thus established will, doubtless, encourage foreign

aggression in other parts of China. Although the claims of Germany in Shan-tung may have been open to question in the past, they cannot logically be resisted any longer. Moreover, it is difficult to see how the provisions of the Anglo-Japanese Alliance can be interpreted as applying to existing circumstances. In this connection it may perhaps be as well to quote the second clause of the Treaty, which sets forth in explicit language that one of its objects is: "The preservation of the common interests of all Powers in China by insuring the independence and integrity of the Chinese Empire, and the principle of equal opportunities for the commerce and industries of all nations in China." If the British Government, having made its own investigations in the region affected, had come to the conclusion that the Fa-ku-menn scheme was likely to compete seriously with the South Manchuria Railway, then their support of Japan would have been consistent with their pledges as an ally. As a matter of fact, however, there is good reason to believe that the official information conveyed to the Foreign Office was unfavourable to the Japanese case. Sir Alexander Hosie was sent to make inquiries on the spot, and in a despatch dated Peking, January 22, 1909, Dr. Morrison expressed the opinion that the unwillingness of the British Government to publish his report gave colour to the belief that it failed to support the Japanese contention. In these circumstances their action in refusing the British Syndicate assistance in the form of diplomatic representation to Japan was all the more inexplicable.

Apart altogether from the question of the Fa-ku-menn Railway project, which admittedly called for judicial treatment, the pretensions of Japan to exercise a far reaching veto upon railway enterprise in Manchuria should have been strongly contested, and our use of the incident to make a declaration that Japan alone should be competent to decide as to whether a proposed line, no matter how far distant, would seriously compete with the South Manchuria Railway, was nothing more or less than an exhibition of folly, for which the true interests of our Empire will doubtless have to pay dearly in the future. Whatever may be said to

the contrary, there was overwhelming evidence to show that the objections of the Japanese to the Fa-ku-menn Railway were largely based upon strategical grounds. They realised that it would give China a line of communication into the heart of Manchuria, and believed that in the course of time it would be linked up with the Manchurian system at Tsi-tsi-har, thus exposing their flank. No doubt their fears as to an extension were not without justification.

Any disadvantage in this respect, however, would have been shared by Russia. As a matter of fact it was safe to presume that in the event of war neither Power would have hesitated to break the neutrality of China to the extent of seizing the railway in territory adjacent to that occupied by their troops. Strictly speaking, in a country where the obligation is imposed upon all nations of observing the sovereign rights of China, strategical considerations should have no place. For example, Article VII. of the Portsmouth Treaty stipulates that "Japan and Russia engage to exploit their respective railways in Manchuria exclusively for commercial and industrial purposes and in no wise for strategic purposes." Although the Japanese press emphasised the strategic objections to the scheme, the Government, for obvious reasons, was compelled to keep this aspect of the case in the background, and to rely upon the Peking Protocol with its injunction against lines that were likely to be commercially competitive. And it was solely upon this latter aspect that the case for and against the Fa-ku-menn Railway was discussed. That the Chinese themselves were apprehensive that difficulties would arise was evident from an official despatch dated as far back as May 6, 1908, in the course of which they affirmed that when the agreement was negotiated, they had objected to the word "parallel" as too comprehensive, and suggested that the number of miles within which no parallel line was to be built should be definitely stated. The Japanese observed that this might create the impression that Japan intended to restrict Chinese railway enterprise. They were then asked to agree that the distance should be the distance usual in England and America. They refused, on the ground that there was no general rule on the point. At the same time they declared

that in no circumstances would Japan do anything to restrict China's future action in extending means of communication in Manchuria.

Foreign opinion in China was practically unanimous in the belief that the projected line would not compete seriously with the South Manchuria Railway. This view was voiced by the Niu-chwang Chamber of Commerce, which, in the cause of a lengthy statement, represented—

"(*a*) That the Liao River constitutes a natural traffic boundary between the projected Hsin-min-tun–Fa-ku-menn line and the existing South Manchuria system;

"(*b*) That the trade of Fa-ku-menn and its hinterland has always found its outlet to the seaboard at Niu-chwang, Chin-wang-tao, &c., through Hsin-min-tun, and thence by the Hsin-min-tun–Kao-pan-tsze line;

"(*c*) That such trade has never gone eastwards towards the townships and districts operated by the South Manchuria system, and

"(*d*) That consequently there are no grounds for Japan's contention that the proposed new road must be competitive with and detrimental to the Japanese line."

To these assertions an official of the Japanese Foreign Office replied in the following terms:—

"It is inaccurate to say that the Liao-ho in its reaches from Hsin-min-tun to Fa-ku-menn forms a natural traffic boundary, or that the trade of Fa-ku-menn and its neighbourhood has never sought an outlet by means of the South Manchuria Railway. In those regions the river is easily passable, and, as a matter of fact readily ascertainable, the existing line actually serves, and has always served, in the matter of transportation, the country to the west equally with that to the east of the river. Produce in large quantities is conveyed from the Fa-ku-menn regions to Tieh-ling in Chinese carts, and thence is carried southward by the existing railway system. Especially is this true of the winter season when the rivers are frozen over and the whole land becomes one broad, smooth highway. The site of the projected railway is in that portion of the valley of the Liao which is now served by the Japanese line, and it may be assumed, without fear of contradiction, that the proposed

line, if constructed, would draw away from the existing system some portion of its traffic."

The Niu-chwang Chamber of Commerce further represented—

"(*a*) That the country to be operated by the proposed line (Hsin-min-tun–Fa-ku-menn) cannot be considered to be 'in the neighbourhood of the South Manchuria Railway.'

"(*b*) That, as already demonstrated, the proposed line neither will nor can be competitive with or in any way detrimental to the interests of the South Manchuria Railway.

"(*c*) That in no country in the world, of similar population and topography, could or would the vested trade interests or sphere of an existing railway system be held to include so extensive an area as to preclude the construction of other lines, even though competitive (if in the commercial sense that were possible), outside of a 35-mile limit."

"The question whether the railway could be regarded as in the same neighbourhood," read the Japanese answer, "depends upon many considerations of more importance than mere distance. Thus a railway, entering a valley, undivided by any impassable streams and already occupied and actually served in all its parts by another line, would, if running parallel with and at a distance of 30 or 40 miles from the original line and bidding for a share of its traffic, be clearly regarded as in the neighbourhood of, and detrimental to, the established line. On the other hand, a railway separated, for instance, from another by a mountain range, could not be considered as in the neighbourhood of such other line, even if within 10 or 15 miles of it. Accordingly, objections to the contemplated line on the ground that it would be in the neighbourhood of and parallel with the existing railway cannot in the circumstances of the case be said to be unreasonable. Manifestly a railway that is near enough to another line to enter into competition with such other line, must be regarded as in the same neighbourhood. . . . To say that in no country in the world could the vested interests of a railway preclude the construction of another line within a distance of 35 miles is to say more than can be substantiated. . . . It may be pointed out that in a country where for centuries produce in large quantities has been transported over long

distances by men and beasts, 35 miles is certainly well within the radius of competition for parallel lines of railway. But, it should be added, the distance between the existing and proposed lines, is, in fact, considerably less than 35 miles. From Hsin-min-tun to Mukden is $32\frac{2}{10}$ miles; from Fa-ku-menn to Tieh-ling, $27\frac{2}{10}$ miles; and from Shin-tai-tzu on the South Manchuria line to the nearest point on the proposed line is only $24\frac{8}{10}$ miles."

Finally, the Japanese urged that the same object as that which the Fa-ku-menn project sought to achieve would be served by the construction of a line from Fa-ku-menn to join the South Manchuria Railway at Tieh-ling. The Niu-chwang Chamber of Commerce, however, was opposed to the idea of branch lines on the ground that its adoption "would necessarily do incalculable injury to the prospects and trade of the port of Niu-chwang, which is the natural outlet and distributing base for the country in question, by diverting from it to Dalny its legitimate trade." The Japanese, however, argued that this was in fact an admission that the Fa-ku-menn road would be detrimental to the South Manchuria Railway. For, if branches of the South Manchuria Railway would incalculably injure Niu-chwang's chances of being fed with produce from the Fa-ku-menn region by the Chinese line, it followed that the Fa-ku-menn road would be equally injurious to Dalny's chances—in other words, to the prospects of the South Manchuria Railway, which had Dalny for its southern terminus. In reply, however, it would not have been unreasonable to urge that there must be some limitation to the scope of the South Manchuria Railway; otherwise one could imagine the Japanese claiming the right of exclusive railway exploitation by means of branch lines far west into the heart of Mongolia. If, as the Chamber of Commerce alleged, Niu-chwang was the "natural outlet and distributing base" for the country surrounding Fa-ku-menn, then the objection to a branch line which would ruin the prospects of that port by diverting the trade to Dalny was valid, and the case for the extension of the North China Railways from Hsin-min-tun to Fa-ku-menn was made out, for the right of the Chinese to connect the district with its "natural outlet and distributing base"

must appear incontestable to the mind of any impartial individual. Japan then instanced the existing competition of the North China Railways with the South Manchuria system as evidence that any further extension would seriously injure her interests. Incidentally, an article written by Sir Valentine Chirol, the foreign editor of *The Times*, who at this period re-visited the Far East and vigorously defended the policy of the Japanese, provided proof that the extent of this competition was exaggerated. In the course of a description of the South Manchuria Railway, he observed that: "As to competition with the Chinese Northern Railways, the following incident suffices to show that the latter suffer far more from the extortionate and retrograde methods of the Chinese authorities than from any unfair practices on the part of the Japanese. An export firm at Mukden despatched a freight of beans by the Chinese Northern Railways *viâ* Shanhaikwan and Peking to Hankau. At Shanhaikwan the freight was detained for payment of *likin* or transit dues so prohibitive that the exporters preferred to bring it back again to Mukden and transfer it to the South Manchuria Railway for shipment *viâ* Dairen and Shanghai to Hankau." The South Manchuria Railway is at present earning a satisfactory dividend. Moreover, the Japanese never grow weary of picturing the prosperous future that awaits the company; and, as a matter of fact, it was upon the strength of sanguine statements made in authoritative quarters that they succeeded in floating large debenture issues in London. It is undeniable that an era of peaceful development in the Far East will render the railway one of the most profitable systems in the world. The healthy state of its finances would seem to show that the competition of the Chinese railways is not so serious as it is alleged to be by some writers. The Japanese, therefore, could not have reasonably vetoed the extension to Fa-ku-menn on the ground that they had already suffered seriously by reason of the proximity of the Chinese system to the South Manchuria Railway. Furthermore, if the Japanese contention that the interests of the South Manchuria Railway would suffer by reason of the proximity of the Fa-ku-menn line was correct, it followed that the interests of the Fa-ku-menn line would suffer by reason

of the proximity of the South Manchuria Railway. An admission of this kind would indeed have been a reflection upon the astuteness of the British syndicate who were willing to finance the undertaking, and who thus demonstrated that they themselves, as experts in the railway world, had every confidence that the line would open up a new district, where profits would not be diminished to any serious extent in consequence of the existence of rival systems.

The Japanese represented that not only were they animated by consideration for their own position, but they were deeply concerned over the interests of the foreign debenture holders in the South Manchuria Railway Company. This ingenious plea was nothing more or less than a piece of diplomatic hypocrisy advanced with the sole object of inspiring sympathy abroad. When, towards the close of 1908, bonds were issued in London in connection with the South Manchuria Railway, the prospectus contained the following paragraph: "The bonds have the unconditional guarantee of the Imperial Japanese Government both as to payment of interest and repayment of principal. This guarantee will be stated in each bond, which will be countersigned on behalf of the Imperial Japanese Government." The attempt to frighten the foreign bondholders by a suggestion that the Fa-ku-menn scheme seriously menaced their investment was a contemptible and at the same time clumsy ruse, for it clearly implied that in the event of the South Manchuria Railway proving a failure, the Government would not hesitate to shirk its obligations. It was the guarantee of the Government that alone attracted capital; the assets of the company offered no security, because, according to treaty stipulations, they could not be hypothecated. Consequently the question of competitive railways was not one of serious concern to the foreign bondholders. What really interested them, and what, as a matter of fact, they were wholly dependent upon, was the good faith of the Japanese Government. In this connection it may be of some interest to recall another paragraph that appeared in the prospectus of the South Manchuria Railway inviting subscriptions to bonds from British investors: "The Imperial Japanese Government is of opinion that the railways will be the means of developing

the great resources of Manchuria, to the benefit of the trade of all nations on *an equal footing*, and that the return on all the capital invested in the South Manchuria Railway Company, Ltd., will be satisfactory." In the first place, it is to be noted that in spite of the alleged severity of the competition of the existing Chinese system—used as an argument against the extension to Fa-ku-menn—the Japanese Government, when appealing for foreign capital, has ample faith in the future of its own undertaking. Then it is abundantly proved that this foreign capital was obtained as a result of an explicit promise of adherence to the principle of equal opportunity. In view of the events that have since happened in Manchuria, fully described in this work, one must reluctantly come to the conclusion that the Japanese Government cannot be altogether acquitted of the charge of grave misrepresentation in connection with the raising of funds abroad for the purposes of the South Manchuria Railway. The prosperity of the concern and the guarantee of the Government have rendered the bonds thoroughly secure, but it is a matter open to some doubt whether the original investors would have parted with their money had they known that it was going to be employed in closing rather than safeguarding the Open Door. When viewed in a large sense it cannot seriously be contended that a restricted rate of interest from a few millions sterling lent to the South Manchuria Railway Company would indemnify us for the unfair exclusion of our trade. Any branch line allowing of facilities for the diversion of merchandise from Niu-chwang to Dalny would deal a death-blow at the remnant of British interests in Manchuria. That these interests are bound up with the future of Niu-chwang will be seen from the following extract contained in a letter addressed by the entire British mercantile community to the British Consul: "The British mercantile community seeks for no preferential position of trading facilities *vis à vis* other nationalities, but does most earnestly desire equal rights, position, and opportunity with all other nationalities to and from which port a large proportion of the trade has always been carried in British bottoms, and where British companies and individuals possess extensive vested interests, the value of British land and

house property alone being estimated at well over 3,000,000 taels (£400,000). On the other hand, although Dalny is an open port it is part of the territory leased to Japan, and the trade and the tradal facilities are almost exclusively in the hands of the Japanese." This process of reasoning brings one back to the original position: that if the British Government, after impartial investigation, had found itself in agreement with the Niu-chwang Chamber of Commerce in regarding Niu-chwang as "the natural outlet and distributing base" for the Fa-ku-menn region, then it should have upheld not only the general interests of the mercantile community, but those of the syndicate willing to finance and carry out the scheme, by insisting upon the withdrawal of the Japanese veto. It was pointed out by the correspondent of *The Times* at Tōkyō that any intention of seeking to develop Dalny at Niu-chwang's expense was disavowed. Experience has already taught us what amount of value is to be attached to international disavowal. When Japan breaks her treaty obligations it is not to be expected that she will keep her verbal assurances. The question at issue, however, was one of simple fact, not intention: Did the traffic of the Fa-ku-menn district rightly belong to Niu-chwang or to Dalny?

While the negotiations were in progress China asked Japan for a "clear definition of what was to be considered as in the neighbourhood of, or parallel to, the South Manchuria line." This perfectly reasonable request was curtly declined. Obviously Japan had everything to gain by leaving the matter indefinite, for it enabled her to prosecute her ambitions under the wide-spreading cloak of the Peking Protocol. She made, however, the following two alternative proposals, each of which was equally unacceptable to China: (1) The construction of a railway from Fa-ku-menn across the Liao River to a point on the South Manchuria Railway not nearer than two miles north of Mukden. (According to Dr. Morrison this was "an artificial route with every possible disadvantage," and was merely proposed for the exclusive benefit of Japanese strategical interests.) (2) That the Japanese should build a railway from the South Manchuria line to Fa-ku-menn and thence to the north, in which case they would withdraw their objection to the

Fa-ku-menn–Hsin-min-tun railway, provided that China undertook not to extend the line beyond Fa-ku-menn without a previous agreement with Japan. This proposal was, of course, preposterous, for it would have widely extended the sphere of Japanese enterprise west and north, and would to all practical intents and purposes have finally terminated the development of Chinese railways as far as Manchuria was concerned. The suggestion was not without significance, revealing, as it did, the determination of Japan to dominate the situation to the exclusion of the interests of all other nations and without the least regard for the integrity of China.

The British public is now almost wholly dependent upon *The Times* for information and guidance concerning Far Eastern affairs ; no other London newspaper has permanent representatives resident either in Tōkyō or Peking. The conflicting views that were advanced in the columns of *The Times* in regard to the Fa-ku-menn Railway dispute aroused considerable comment. Dr. Morrison, who is undeniably one of the greatest living authorities on China, and whose reputation for sincerity no less than for ability is world-wide, was friendly to the Chinese view. He pointed out that the territory to which China was denied access by her own railways was larger than Norway ; in fertility it equalled the best parts of Canada, and it contained cities larger than Quebec. In the course of an article appearing as "from a correspondent" on September 28, 1908, the following passage occurred: "The Fa-ku-menn question allows of treatment and of settlement upon issues of fact, without inopportune debate upon issues of principle. Without admitting or denying the validity of the protocol to the Treaty of 1905, or of Japan's claim to enjoy the alleged rights which Russia asserted before the war, or the bearing of either upon the rights of third parties, and upon the doctrines of the 'Open Door' and of 'equal opportunities,' it may be urged that the projected Fa-ku-menn extension would not be a breach of the protocol or of Japan's claim at all. There are strong arguments for the view that it would not, on the natural and reasonable interpretation of the words, be 'in the neighbourhood of' the Manchuria

Railway or prejudice its interests. Its advocates have alleged that it would not run within 35 miles of the Manchuria line. The Japanese statement avers that it would approach their railway as nearly as $32\frac{2}{10}$ miles at one point and $24\frac{8}{10}$ miles at another. The difference does not seem to be very material in the consideration of a question involving important political consequences. The new line would develop a great deal of new traffic, and very likely it would attract some of the produce now carried by men and beasts across the frozen Liao River from the Fa-ku-menn regions to Tieling. But this attraction would not constitute effective competition in the sense in which that phrase is used throughout the railway world. It is probable that the Manchuria Railway draws traffic from districts much further west than 35 miles. Is it contended that the opening up of even the remotest of these districts by Chinese railways is forbidden by the protocol? . . . The position of Japan and Russia along the railway is an accomplished fact. Nobody is disposed to scan with excessive jealousy the use they make of it, so long as it is fairly consistent with the principles they have accepted and the assurances they have given. But there is a feeling, which is not confined to British and American China merchants and manufacturers, that claims arising out of this position ought to be clearly and finally defined within precise local limits, and that they ought not to be extended west of the Liao River. Japan herself is said to have recognised that this river is the natural boundary beyond which such claims ought not to be advanced, in the Hsin-min-tun–Mukden Railway agreement of May 1907. Were she formally to repeat this recognition in international assurances, and to act upon it in the case of the Fa-ku-menn extension, she might avert the discussion of some large general questions which it can hardly serve her interest to raise."

The Tōkyō correspondent of *The Times* thereupon advanced the altogether extraordinary theory that "Japan is compelled to regard the recrudescence of unfair and hostile criticism as a systematic campaign designed to create in China and elsewhere a false impression regarding her action," and later, in stating at length the Japanese case, he prefaced his article

with the reservation that "I carefully refrain from any expression of my own opinion." That his own views were, however, strictly in accordance with those of the Japanese was evident from a leading article that appeared in a Yokohama journal—*The Japan Mail*—under his editorship, and from which I extract the following: "The Chinese are working the Hsin-min-tun road in a spirit of the keenest competition, and they seem to have adopted a definite policy of making things so unprofitable to the Japanese that the latter will be only too pleased to surrender the South Manchuria Railway without waiting for the advent of the time when the right of repurchasing it will accrue to China. It can only be regarded as an extension of this competitive mood when China plans a new line from Hsin-min-tun northward, and Japan would be simply sacrificing all her railway interest in Manchuria if she allowed such a work to go on, especially in the face of the Peking Protocol. . . . There can be no doubt, therefore, as to the course which Japan is bound by the *suprema lex* to pursue, and while we regret infinitely that this new complication has been added to the list of unsolved problems which lie between the neighbouring empires, we are not without strong hope that, on the one hand, China will ultimately appreciate the situation, and, on the other, her indifference to her treaty pledges will not obtain either the public or the private support of British subjects." In another issue of the journal, however, the editor was candid enough to confess that "The great trouble of this situation is that to furnish the required proofs would necessarily be most difficult. To us, looking at the map carefully, it seems quite plain that a road from Hsin-min-tun to Fa-ku-menn must be a serious competitor of the South Manchuria line, but until the matter is put to the test of actual practice it must remain more or less a question of opinion. Undoubtedly the right to pass judgment is vested in Japan within reasonable limits, but it is now becoming a nice problem whether, in view of the commotion that this matter has excited, it would not be wiser on Japan's part to forego her conventional right in consideration of some clear understanding with China. Certainly an excellent effect would be produced by the adoption of a yielding attitude

in this case." In 1909 Sir Valentine Chirol revisited the Far East, and in the course of an article in *The Times* dealing with the Fa-ku-menn Railway dispute he observed that the Japanese resented the attempt made by the Chinese to create in this matter a conflict between British and Japanese interests—an attempt which was in complete accordance with China's traditional policy of playing off one Power against another. "In 1901," he added, "when Li Hung Chang was negotiating his Manchurian Convention with Russia, he admitted in the course of conversation with me that he relied upon the action of Japan and England to neutralise sooner or later the concessions which he was compelled to make to Russia. In the same way China now hoped that by giving to British firms a contract for the construction of the Fa-ku-menn Railway, she would secure the diplomatic support of England in escaping the consequences of the pledge which she had given to Japan under the Peking Protocol. This is no mere speculative surmise. Nothing but an ulterior purpose of the greatest importance would have induced the Chinese Government to place the financing and the construction of a railway in the hands of a British group at a time when China is straining every nerve to secure in matters of railway construction complete immunity from any form of control that can guarantee even a minimum of honesty and efficiency. Nor was it necessary for her to have recourse at all to foreign assistance for the construction of those fifty miles of railway. The surplus revenue of the Imperial Railways of North China, out of which the Chinese are now building the more expensive Pekin-Kalgan Railway, would have amply sufficed to provide financial resources for the construction of the Hsin-min-tun–Fa-ku-menn Railway. The point is beyond argument or denial, for one of the leading members of the Wai-wu-pu admitted to me quite frankly that British firms had been deliberately selected with the purpose of enlisting British support and sympathy in the event of Japanese opposition. That there would be Japanese opposition the Chinese were perfectly well aware, since the first Japanese protests were made some time before the signature of the preliminary contracts between the Chinese Government and the British

firms. As far as public opinion in England is concerned, the Chinese calculation did not altogether fail, for, insufficiently informed as to the larger bearings of the question, British public opinion has been inclined to condemn the action of Japan as an unwarranted interference both with British enterprise and with the right of China to develop her own economic resources. But it failed entirely as regards the British Government, for it had omitted to take one important factor into account—namely, the loyalty and straightforwardness which had prompted the Japanese Government to communicate to their ally the clause of the Peking Protocol relating to railway construction in Manchuria. The British Government had seen no reason to demur to the stipulations which it contained, and it was therefore impossible for them to turn round and support the Chinese contention in this particular question simply because British firms were interested in the scheme."

The method by which China sought to achieve her end did not in any way affect the merit of her case in regard to the Fa-ku-menn Railway project. Because her weakness as a nation compelled her to resort to devious diplomacy, that surely was no reason why she should not have been allowed to develop her railways, always provided, of course, that she did not wilfully break her treaty pledges. Moreover, in the event of her requiring funds for an extension of the North China lines, she was bound by agreement to negotiate a loan with the British and Chinese Corporation. The suggestion that this procedure was unnecessary, because the Railway Administration had sufficient money at its disposal, showed a disposition to meddle with matters purely of China's own domestic concern. One cannot help reflecting that it was not advanced when Japan insisted upon obtaining a financial partnership with China in the construction of the Kirin-Changchun and the Hsin-min-tun–Mukden Railways. The agreement in connection with the latter was clearly an infringement of the rights of the British and Chinese Corporation, for the line was an extension of the North China system, and therefore came within the scope of the arrangement concluded between the Chinese Government

and the Corporation in 1898. That British interests were to have financed the Fa-ku-menn scheme was a side issue. It was intended that the railway should be a Chinese railway, under Chinese control. Had it been proposed that the cost of construction should be defrayed solely out of the funds of the Chinese Railway Administration, the question of competition with the South Manchuria system would still have arisen.

Finally, *The Times*, in its editorial columns, supported the views advanced by Sir Valentine Chirol, observing that "by giving to the British the contract of the Fa-ku-menn Railway after being informed that Japan would regard the scheme as a violation of the Protocol of 1905, China doubtless hoped to embroil Great Britain with Japan. In this they were disappointed. The alliance and friendship with Japan are based too firmly on the interests of both countries to be seriously affected by such transparent manœuvres." Only in the previous year, however, *The Times*, referring to a report (which subsequently proved to be false) that Japan had agreed to the construction of the Fa-ku-menn–Hsin-min-tun line on condition that it was connected with the Manchuria Railway, remarked that the Japanese railway would be able to attract freight if the concession offered was acted upon, that it would be practicable to place restrictions on the Chinese railway in so far as it entered the area which Japan insisted to be within her sphere of influence, and that, thanks to Japan, the difficulty would thus be effectively and permanently settled! Is it, then, a matter for wonder that the Chinese were bewildered and not a little disheartened at the vacillating character of public opinion in England as revealed in the columns of its leading organ? The dispute ended with the signing of the Manchurian agreement between China and Japan on September 4, 1909, the first article of which read as follows: "The Government of China engages that, in the event of its undertaking to construct a railway between Hsin-min-tun and Fa-ku-menn, it shall arrange previously with the Government of Japan." It will be seen that the terms of this article are as vague as was the clause of the Convention between China and Russia, which provided for

an "understanding" between the two countries in the event of an extension of the North China railways, and upon which Japan partly rested her claim to veto the Fa-ku-menn project. Though lacking explicitness, it may be concluded that this latest agreement finally disposed of any rights acquired by the British and Chinese Corporation in 1898 in the matter of financial aid. Thus British interests in the Far East were again surrendered. The admission of Japan's pretensions on this occasion created an unfortunate precedent, one which at a later date, when the Chinchau-Aigun Railway was projected, served both that Power and Russia in good stead.

# LXI

## THE ANTUNG-MUKDEN RAILWAY DISPUTE

THE dispute in regard to the Antung-Mukden Railway in 1909 caused strained relations to exist for a time between China and Japan. The unfavourable issue of the Faku-menn Railway had exasperated the Peking Government, with the result that in an attempt to recover loss of prestige they pursued a weak and at the same time obstinate policy in the settlement of other outstanding questions. The impotence of China to resist the demands of a strong Power, and the pitiful incompetence of the Central Administration, were again made manifest. It was more than ever apparent that the banishment of Yuan Shih-kai—the one statesman in the whole Empire inspired with single and disinterested purpose—had been an act little short of madness. After protracted negotiations, during which she suffered innumerable rebuffs, China, as usual, gained little and sacrificed much.

With regard to the Autung-Mukden Railway, it must be confessed that poetic justice was on her side: but diplomacy writes its message in the cold texts of treaties, and knows not the celestial language of flowers.

During the war Japan built, for military purposes, a Decauville light railway, 188 miles long, between Antung and Mukden. Already she had extended the Korean system through the peninsula to the frontier, and the new line, therefore, was an essential link in her scheme of communication from south to north. Although in the occupation of Chinese territory, and fighting a people who, like themselves, were aliens in Manchuria, the treatment meted out by the Japanese to the peace-loving natives was that of conquerors towards conquered. The land required for the purposes of the railway, including cultivated areas, was

ruthlessly seized without compensation of any kind being paid, and where houses stood in the way inhabitants were evicted and their property demolished. In a despatch which appeared in *The Times* of August 3, 1909, Dr. Morrison observed that "an insignificant fraction of the millions spent upon the war, paid in equitable recompense for the land thus appropriated, would have made the owners as contented as they are now aggrieved. So in Antung, had the Japanese Government made just payment for the land expropriated from the Chinese owners at less than half its value, much of the present bitterness would have been avoided." He added that protest against this injustice was the real reason of China's opposition to the rebuilding along a new track of the Antung-Mukden road. Fresh from her triumphs in the field, Japan, in September 1905, concluded an agreement with China, Article VI. of which gave her not only the right to maintain the military line in question but to improve it so as to make it fit for the conveyance of the commercial and industrial goods of all nations. It was further stipulated that, "regarding the manner in which the improvements of the railway are to be effected, it is agreed that the person undertaking the work on behalf of Japan shall consult with the Chinese Commissioner dispatched for the purpose"; that the work of such improvements should be completed within two years, exclusive of a period of twelve months during which it would have to be delayed owing to the necessity of using the existing line for the withdrawal of troops; and that China should have the option of buying back the concession after the lapse of fifteen years. There could not be the slightest doubt that the light railway was altogether inadequate to the requirements of commercial development. It had a gauge of only 2 feet 6 inches, and owing to the military urgency for its completion the construction of tunnels and permanent bridges was dispensed with, and instead the track was given many wide detours, steep gradients, and sharp curves. The writer was the first traveller to make the journey from Tōkyō to London with only eleven hours spent on the sea. Leaving the capital of Japan I proceeded by rail to Shimonoseki, and from thence crossed the Tsushima Straits to Fusan, from which place I travelled by the following stages: Fusan

to Seoul, Seoul to Antung, Antung to Mukden, Mukden to Harbin, Harbin to Irkutsk, Irkutsk to Moscow, Moscow to Warsaw, Warsaw to Berlin, Berlin to Paris, Paris to Calais, Calais to Dover, and Dover to Charing Cross. Although to many travellers this route is now as familiar as the great highways between the Atlantic and the Pacific, I record this itinerary in order to emphasise the importance of the Antung-Mukden link in the gigantic trans-Continental scheme of railway communication which unites Western Europe with the shores of Eastern Asia. When I passed over the line I could not help marvelling at the extraordinary amount of engineering skill expressed in its construction. The route lay through a mountainous country intersected by deep ravines, and the "toy" train, consisting of four freight cars, crept cautiously along at almost snail-like pace, the engine puffing and panting with a realism that reminded one forcibly of a team of mules in distress. As it wound its way up the steep, oftentimes precipitous slopes, one saw above and below stretches of narrow track frequently carried over gorges by means of light, frail-looking wooden bridges. It gave to the mountain sides the appearance of being terraced with tier upon tier of railway. My fellow-travellers were Chinese coolies, and we all huddled together in a roughly-made box-waggon, the ill-fitting windows of which rattled apart, giving free passage to a wind that was as keen as a razor edge. The season of the year was mid-winter, and the heights were covered with snow. In spite of the discomforts, one became absorbed in the contemplation of the frozen scenery. During the day the white panorama was tinged with the gold of an eastern sun ; at dusk the clouds lowered round the peaks and turned leaden in colour. Then the snow began to fall in large ragged flakes. Within twelve hours we stopped at the half-way station, for owing to the tortuous route of the railway and the presence of brigands, it was impossible to travel safely by night. A few lights twinkling in the distance against the blackness of the mountain shadow denoted a Chinese hamlet, and I was beginning to wonder where I should find shelter for the night when I saw standing before me the bowing figure of a Japanese.

"Good evening! How are you?" he said, greeting me by name, and speaking in slow deliberate English.

Having assured him that my health was excellent, he remarked, the while preserving a stolid expression, "I congratulate you on your fortunate escape."

"What escape?" I asked in blank astonishment.

"Ah! I see you do not understand," he retorted with extreme gravity. "The train from Antung to this place usually tumbles over the mountain side and the people are either killed or injured. You are fortunate, very fortunate," he added under his breath by way of emphasis, and he rubbed his hands as though congratulating himself, and not the traveller, on escape from death.

It seemed that he was the keeper of a small inn near the village and had received instructions from the railway officials to attend to my wants. Apparently the conversation with which he had favoured me was specially acquired for the occasion. At any rate he did not speak another word of English until my departure next morning, when he remarked somewhat ominously, "You may not be so fortunate to-day. You see the train usually falls down." It is only necessary to add that we arrived safely at Mukden the same night. I have given a brief account of my journey because it supports in a simple and effective manner the case as presented by the Japanese for the reconstruction of the line. They wished to convert it into a standard gauge—the same gauge as that employed on the South Manchuria and Korean systems—so that when the Yalu Bridge was completed it would be possible for travellers to journey from Europe to Japan with the total sea passage reduced to only ten hours. Moreover, they urged that the suggested improvements would shorten the distance and reduce the time of transit between Antung and Mukden from two full days to eight or nine hours. After the route, to within twenty miles of Mukden, had been surveyed by commissions appointed on behalf of each Government, Japan announced her desire to begin purchasing the land required for the railway. China replied by asking for the simultaneous settlement of the two following questions: (1) That Japan should not station military guards along the railway; (2) that the

policing of the line and railway zones should be undertaken by China. Prolonged negotiations followed without a satisfactory solution of outstanding difficulties being reached. An official statement issued by the Japanese accused China of "having recourse to her well-known policy of obstruction and procrastination," while an authoritative pronouncement published on behalf of the Chinese referred to the "repeated delays and procrastinations" of the Japanese. On June 24, 1909, China intimated to Japan that the work of improvement must be confined to the existing track, and that no broadening of the gauge could be permitted. The Peking Government contended that the agreement of 1905 only gave to Japan "the right to improve the Antung-Mukden Railway so as to make it fit for the conveyance of commercial and industrial goods of all nations," and that consequently there was no justification for the proposed change of route and reconstruction of the line. Furthermore, it was pointed out that, disregarding the stipulations of the agreement, Japan allowed the period of time for commencing the work to lapse, and did not bring up the question till the spring of 1909, when the Chinese Government, though the time limit had lapsed, in view of the importance they attached to the maintenance of good relations between the two countries, consented to discuss with Japan the questions contemplated in the treaty. After waiting a month, Japan, on August 7th, handed a written notice to China in the following terms: "Japan intends reconstructing her Antung-Mukden light military railway without waiting for the co-operation of China, which she has sought in vain for the past seven months. . . . With great reluctance, therefore, Japan, seeing no end to these fruitless negotiations, has been constrained to adopt the course she now proposes to take and to carry out the necessary reconstruction and improvement independently, in accordance with her treaty rights, in conformity with the result of the survey of the Commissioners of the two Governments, and in fulfilment of the undertaking she had given in Europe when obtaining the South Manchuria Railway loan." The work of reconstruction was immediately begun. This prompt action on the part of Japan had the desired effect.

China replied in friendly terms, and on August 19th the Japanese Consul-General at Mukden, and the Viceroy Hsu and Governor Cheng signed a memorandum, stipulating that: (1) The same gauge as that of the Peking-Mukden Railway is to be adopted. (2) Both Japan and China shall recognise and approve as a whole the line as already surveyed and agreed to by the Commissioners of the two Governments, but the location of that portion of the line from Chen-hsiang-tun to Mukden shall remain to be decided by mutual conference between the two countries. (3) On and from the date when the memorandum is signed, negotiations for the purchase of land and for the adjustment of all the other details shall be instituted. (4) From the day following the signing of the memorandum—that is, from the day after the negotiations above mentioned are instituted —the work of reconstruction shall be accelerated. (5) China shall instruct local officials along the line to give every facility for the execution of the work.

The matter of railway guards and policing the zones was left in abeyance. At the same time, China took pains to make it clear that she did not admit the claims of Japan to exercise administrative and judicial functions in the territory adjacent to the line. In an official statement on the subject she pointed out that the railway, though it might become a useful commercial undertaking, was no less capable than was the South Manchuria Railway of serving military purposes, and that troops might be moved by it to dominate the whole of Southern Manchuria. On behalf of Japan it was announced that "she assumes a passive attitude, but is prepared to enter into negotiations when China brings up the question." Should the Peking Government ever move in the matter, however, it is extremely doubtful whether it will be able to obtain any satisfaction; for past experience shows that Japan is determined to prey upon the weakness of the Central Administration in China. In the meantime, the Japanese settlements along the line will grow in size and importance, administrative rights will be exercised, and the South Manchurian garrison increased under the pretext of the need for railway guards. Thus another strip of territory will pass into the possession of

the invaders, and another army of alien officials will find employment.

It is only fair to Japan that the grounds upon which she seeks to justify her action should be clearly set forth. Briefly, her claim is that the Antung-Mukden line is a branch line of the South Manchuria Railway, and that in connection therewith she is entitled by treaty stipulation to exercise all the rights and privileges, administrative and otherwise, which attach to this trunk system. She asserts that the principle of the removal of the railway guards was dealt with in Article II. of the Additional Agreement concluded in connection with the Peking Treaty of 1905, in which she undertook to withdraw the railway guards in Manchuria simultaneously with Russia, and at the same time expressed the pious hope that at no distant date Russia might consent to this measure. The issue solely depends upon the question as to whether or not the line can be regarded as a branch of the South Manchuria Railway. It must be remembered that its construction was originally undertaken without reference to China, through whose territory it passed, and that when Russia ceded to Japan the South Manchuria Railway with all its branches she could not, of course, have included the Antung-Mukden line, for it did not belong to her. Japan exacted a concession for the railway from China in the Peking Agreement of 1905, but the article bearing on the subject made no mention of it as a branch line of the South Manchuria system, nor was there any reference to the question of railway guards and administrative rights. In this, as in many other instances vitally affecting the sovereign rights of China, Japan having arrogated to herself certain privileges, pretends that she is both pained and surprised when asked for an explanation, and the only reply that she can vouchsafe at the moment takes the form of an indignant accusation of wilful obstruction on the part of the Peking Government.

It is conceivable that an impossible situation would arise from an admission of the claim that the Antung-Mukden line was a branch of the South Manchuria system. Doubtless we have not seen the last of the Japanese policy of peaceful penetration, and, unless the Central Government

of China is strengthened, the grasping tentacles of territorial aggression will spread out in all directions from the South Manchuria Railway. It cannot be denied that China was within her right in seeking an early solution of the question of railway guards and policing. The maintenance of her integrity and the preservation of her sovereignty, guaranteed to her in the terms of innumerable treaties, are directly involved in the issue. That no settlement has yet been reached is alone due to the procrastination of Japan.

As far as the problems of South Manchuria are concerned, Japan has everything to gain by delay. She is in the fortunate position of the tenant in possession, a tenant, moreover, who refuses to pay his rent because he knows that the landlord of the property is not strong enough to evict him. When, however, public opinion, as expressed by the Powers, shows disapproval of her conduct, she either points to the wicked ways of her next door neighbour, Russia, or else makes a mere pretence of meeting all her outstanding obligations.

Where China erred and displayed irritation in regard to the Antung-Mukden question was in not confining the issue to one of administrative rights. Her foolish attempt to veto the reconstruction of the line lost her the sympathy of the world. It might be urged that the mere fact of Japan building a railway through territory only temporarily in her occupation, and building it, moreover, for purposes exclusively of military aggression, did not entitle her subsequently to claim a concession extending over a long period of years. Whatever view could be taken of the methods followed by her during the war, however, it must be remembered that China afterwards sanctioned them in part. Besides, it is indisputable that a broad-gauge and efficiently-managed line between Antung and Mukden is necessary in the interests of the world. The work of reconstruction is now rapidly progressing. Although the engineering difficulties are numerous, the entire length of tunnels and bridges will extend to only a little over 20 miles. There will be altogether twenty tunnels, the longest 70 chains, between Fuchinling, a place 1000 ft. above the sea level, and Taitung. The work is to be completed

early in 1912, and it will then be possible, with the exception of a brief voyage of ten hours across the Tsushima Straits, to travel all the way from Europe to Japan in a luxurious "through" train, or, in other words, there will be a link of only 140 miles of water in the 6000 miles of steel rails stretching from the extreme West to the extreme East.

In addition to the Fa-ku-menn and the Antung-Mukden schemes, several other matters affecting railway interests in Manchuria tended to strain relations between Japan and China. The Peking Government urged that the line constructed by Russia from Ta-shih-ch'iao to within three miles of the port of Niu-chwang should either be taken up or handed over to the Chinese Administration. Their claim was based upon the terms of the third clause of the Annex to the Chinese Eastern Railway Agreement, signed in 1898, which read as follows: "China consents to the Chinese Eastern Railway Company connecting its South Manchurian Branch Line (between Changchun and Tarien) with Yingkow and other ports outside the railway zone by means of sub-branch lines, for the purpose of facilitating the conveyance of materials and articles needed in the construction of the said branch line. It is provided that on the completion of the aforesaid line and its being opened to traffic, the sub-branch lines be removed when requested by the Chinese Government. Under whatsoever circumstances, however, the removal shall be effected within eight years after the completion of the surveying of the track-route and the delivery of road-bed."

On behalf of Japan it was contended that in a supplementary agreement China had given Russia the right permanently to work the line. A comment that appeared on the subject in the *Jiji Shimpo*, one of the leading newspapers in Tōkyō, owned by Mr. Fukuzawa, the son-in-law of Count Hayashi, gave an illuminating insight into Japanese railway policy in South Manchuria: "China, in her treaty with Russia concerning the restoration of Manchuria," remarked this journal, "agreed that when she wanted to extend her railways to regions to the west of the river Liao, she should consult Russia, thus giving the latter the right of railway control in the west of the Liao. It is not only indisputable

that Japan has succeeded to this right, but the Peking Protocol of 1905 provides that China is not to build any trunk line to run parallel with the South Manchuria Railway, or any branch line to interfere with the latter's interests. In view of this, and supposing that China means herself to operate the Niu-chwang line, China will have to secure Japan's consent. Yet one may easily see that it will be difficult to negotiate successfully for such a purpose. For, granting that China proposes to work the branch line herself or to let a third party do it, it would at once give rise to fears for the interests of the South Manchuria Railway, and it is not likely that Japan will agree to the proposal. Besides Japan has the right to reject it. Hence, should China insist on the strict reading of the stipulation, there will be no way out of the problem but to destroy the line as soon as Japan abandons it. But the result of China's forcing Japan to give up the line would only be to bring about the decline and ruin of Niu-chwang, much to the retardation of the general development of Manchuria." The claim here advanced to "the right of railway control in the region west of the Liao" is not without its significance.

The abandonment of the Ta-shih-ch'iao–Niu-chwang line would no doubt have caused serious injury to the commercial interests of the treaty port, and the attitude of the Chinese in the matter, inspired by mistaken motives of patriotism, was unreasonable, if not reactionary. Japan, pointing to the fact that she had equalised the railway rates as between Niu-chwang and Dalny, represented that her possession of the branch line was consistent with the principle of equal opportunity. As a matter of fact, in regard to Niu-chwang she can afford to practise as she preaches. Her merchants are deriving the full benefit of the geographical proximity of their native country and of the political and other more material advantages secured during the military occupation of the port. The question was finally disposed of in Article II. of the Manchurian Convention of 1909, which read as follows: "The Government of China recognises that the railway between Ta-shih-ch'iao and Yingkow is a branch line of the South Manchuria Railway, and it is agreed that the said branch line shall be delivered up to

China simultaneously with the South Manchuria Railway upon the expiration of the term of concession for that main line. The Chinese Government further agrees to the extension of the said branch line to the port of Yingkow." The last provision entitled Japan to exercise administrative rights, and to place railway guards along a strip of territory leading to the treaty port itself. It would seem that to all intents and purposes Niu-chwang is now under the dominance of Japan, and the situation is certainly one likely to give rise to international difficulties in the future.

# LXII

## THE CHIENTAO DISPUTE AND THE MINES ALONG THE RAILWAYS

CHIENTAO is a large and mountainous territory situated in South-Eastern Manchuria. Prior to the Japanese protectorate over Korea, its possession was disputed by China and Korea. Both countries had strong sentimental reasons on their side, for each claimed that in the remote past the region was the birthplace of their reigning dynasties. Owing to the helplessness of the Korean Government, China, however, succeeded in establishing and maintaining her authority. Matters were complicated by the fact that the Korean population outnumbered that of the Chinese by nearly five to one. As soon as Japan assumed control of affairs at Seoul she claimed the jurisdiction over the Koreans in Chientao. Several officials representing the Residency-General and a number of gendarmes were despatched to the scene, and Japanese administration was established in an area extending 50 by 75 miles, and containing a population of 70,000 Koreans and 25,000 Japanese. Protests from China followed, and after protracted negotiations the following agreement, known as the "Korean Boundary Agreement," was signed on September 4, 1909 :—

"Article I.—The Governments of Japan and China declare that the river Tumen is recognised as forming the boundary between China and Korea, and that, in the region of the source of that river, the boundary line shall start from the boundary monument and thence follow the course of the stream Shih-yi-shwei.

"Article II.—The Government of China shall, as soon as possible after the signing of the present agreement, open the following places to the residence and trade of foreigners, and the Government of Japan may there establish Consul-

ates or branch offices of Consulates. The date of opening of such places shall be separately determined. Lung-ching-tsun, Chu-tsz-chie, Tou-tao-kou, Pai-tsao-kou.

"Article III.—The Government of China recognises the residence of Korean people as heretofore on the agricultural lands lying north of the river Tumen. The limit of the district for such residence is shown in the annexed map.

"Article IV.—The Korean people residing on the agricultural lands within the mixed residence district to the north of the river Tumen shall submit to the laws of China and shall be amenable to jurisdiction of the Chinese local officials. Such Korean people shall be accorded by the Chinese authorities the equal treatment with Chinese subjects, and similarly in the matter of taxation and all other administrative measures they shall be placed on the equal footing with Chinese subjects. All cases, whether civil or criminal, relating to such Korean people shall be heard and decided by the Chinese authorities in accordance with the laws of China and in a just and equitable manner. A Japanese Consular officer or an official duly authorised by him shall be allowed freely to attend the Court, and, in the hearing of important cases concerning lives of persons, a previous notice is to be given to the Japanese Consular officers. Whenever the Japanese Consular officers find that decision has been given in disregard to law, they shall have right to apply to the Chinese authorities for a new trial, to be conducted by officials specially selected in order to assure justice of decision.

"Article V.—The Government of China engages that lands and buildings owned by Korean people in the mixed residence district to the north of the river Tumen shall be fully protected equally with properties of Chinese subjects. Ferries shall be established on the river Tumen at places properly chosen, and people on either side of the river shall be entirely at liberty to cross to the other side, it being, however, understood that persons carrying arms shall not be permitted to cross the frontier without previous official notice or passports. In respect of cereals produced in the mixed residence district, Korean people shall be permitted to export them out of the said district except in time of

scarcity, in which case such exportation may be prohibited. Collection of firewood and grass shall be dealt with in accordance with the practice hitherto followed.

"Article VI.—The Government of China shall undertake to extend the Kirin-Changchun Railway to the northern boundary of Yenchi and to connect it at Hoiryong with a Korean railway, and such extension shall be effected upon the same terms as the Kirin-Changchun Railway. The date of commencing the work of proposed extension shall be determined by the Government of China considering actual requirement of the situation and upon consultation with the Government of Japan.

"Article VII.—The present agreement shall come into operation immediately upon its signature, and thereafter the Chientao branch office of the Residency-General, as well as all the civil and military officers attached thereto, shall be withdrawn as soon as possible, and within two months. The Government of Japan shall within two months hereafter establish its Consulates at the places mentioned in Article II."

It is difficult to see how the Japanese could have insisted upon their demands in view of the fact that China had been in possession of Chientao for many years. On the other hand, they gained a distinct point in the matter of the extension of the Kirin-Changchun line to Hoiryong. For the purposes of construction China will borrow money from Japan, offering the property and receipts as security; Chinese and Japanese Commissioners will make a joint survey of the route; and during the term of the loans a Japanese engineer and accountant will be appointed to superintend the undertaking. Thus in the south-east as well as in the south-west of Manchuria the Japanese have made full use of railways as a means of extending their political influence and assisting their strategic designs. From Chongying on the north-east coast of Korea to Hoiryong, a distance of 45 miles, there is a light railway already in existence, and this will doubtless be converted into the standard gauge. The Japanese hope that with the provision of adequate railway facilities Chongying will become an important port. A glance at the map will show that when the Kirin-Hoiryong extension is con-

structed there will be an alternative and perhaps a somewhat shorter route than that at present taken in the last stage of the overland journey to the Far East—the stage between Harbin and Vladivostock—and that the subsequent voyage to Japan or the ports in South China will also be reduced.

The outstanding questions in regard to the Fushun and Yentai coal-mines were also settled in 1909, after the Japanese had worked the properties exclusively for their own profit during a period of four years. In the summer of 1907 China preferred certain demands, and these, together with the reply of Japan, were translated and published in the *Japan Mail*, from which I take the following extract:—

"China asked for the restoration of the Chenkinsai section of the Fushun Mine, of the Imingshan section of the Yentai Mine, and of two other mines. The plea advanced was that 'in the case of Chenkinsai, the mine had been chartered to a Chinese subject, Wang, in consideration of a payment of 100,000 taels (£13,000), and that, in the case of all four of these mines, they lay without the 30 *li* (10 miles) belt along the railway, and consequently were not to be regarded as exploitable by the Russians during the period of the latter's occupation, or as accruing to Japan on the Russian evacuation.' Japan's reply was as follows: First, that by the Portsmouth Treaty's 6th Article it had been provided that the Imperial Russian Government should transfer and assign to Japan all coal-mines belonging to or worked for the benefit of the Manchuria Railway and all its branches, which treaty had been fully recognised by the Peking Treaty of December 1905. Secondly, with regard to the special case of the Chenkinsai Mine, even supposing that a charter to work it had been granted to the Chinese subject, Wang, this concessionaire had made over his right in full to the Russians, who, in their turn, had constructed a line of railway from Sukiatun to the mine, and had operated it on a large scale without any remonstrance whatever from the Chinese Government, who must therefore be considered to have publicly recognised the Russian title. Thirdly, concerning the limit of 30 *li* which the Government of China sought to enforce, no such limit was mentioned in any treaty

or convention, nor had any such limit ever been proposed to Japan or accepted by her. Further, the Russians had been in actual and undisturbed possession of a coal-mine 50 *li* distant from the nearest point (Kwanchengtsze) of the railway, and quite recently they came into unchallenged possession of other mines in North Manchuria, which also were beyond any such limit. It thus appeared that, in attempting to impose this limit, China was arbitrarily seeking to curtail the privileges duly acquired by Japan under international agreement."

It should be explained that in the case of foreign concessions, 30 *li* on either side of the railways had usually been accepted as the area within which mines might be exploited. The refusal of Japan to accept any restriction in the matter of distance practically amounted, as far as foreign enterprise was concerned, to a monopoly of mining rights in Southern Manchuria. In regard to the Fushun and Yentai properties Japan has agreed to pay taxes to China, based on the lowest tariff for coals produced in any other part of the country. It is also understood that the Penhisihu Colliery, which from the time of the late war has been worked by the well-known private Japanese firm, Messrs. Okura & Company, will in future be conducted as a joint undertaking by a Chinese and Japanese syndicate. Article IV. of the Manchurian Convention, which reads that "all mines along the Antung-Mukden Railway and the main line of the South Manchuria Railway, excepting those at Fushun and Yentai, shall be exploited as joint enterprises of Japanese and Chinese subjects," tersely sums up the whole future of the mining industry in South Manchuria. Japan has refused to define the area in which she would regard a railway as competitive with her own system; she has also refused to accept any limitation of mining rights on either side of this system. Again she points to the Russian precedent as justification of her exclusive policy. Her reluctant concessions to China at the eleventh hour are tantamount to admissions that during the last four years she and her subjects have been confiscating valuable mineral rights; and as there is no suggestion of compensation to China, the conclusion is forced upon one that the standard of morality of the State is no higher than

that of the individual in Japan. Who any longer can seriously pretend that the outcome of the war with Russsia has been to unlock the door of Manchuria, and who can deny that the policy persistently pursued by the Japanese since the war has been otherwise than one of deception and despoliation—Japan our ally!

NOTE.—The Fushun colliery, which is situated some twenty-two miles to the east of Mukden, is reputed to contain coal deposits to the extent of at least 800,000,000 tons. At present the total daily output of the seven pits in operation averages 3000 tons. The shafts which have been sunk at Chenkinsai and at Yangpaipu are expected to yield 2500 tons daily in the near future. The demand for Manchurian coal shows a tendency to increase. It is used largely in the bean mills and other factories of South Manchuria, while an export trade has been established with Tientsin, Chefoo, Shanghai, Hankow, Hong-Kong, Canton, and Singapore.

# LXIII

## THE SOUTH MANCHURIA RAILWAY SYSTEM

SUFFICIENT has been written in preceding chapters to show that the wide political influence exercised by the Japanese in Southern Manchuria is derived from their possession of the railway, and the peculiar interpretation which they place upon the rights and privileges attached thereto. I propose to give further information concerning the actual working system, in order that the reader may be able to gain some idea of the enormous advantages which it brings to Japan in the struggle for tradal supremacy. It will be recalled that the Chinese Eastern Railway was originally promoted by Russia as a joint Russo-Chinese concern. The interest of the Chinese in the company, however, was merely nominal, and their inclusion had no other object than that of saving the face of China and, if possible, blinding the world to the real motives that lay behind Russian aggression in the Far East. When, in August 1905, Japan took over the southern section of the line she aimed at making its ownership exclusively Japanese. By an Imperial ordinance promulgated on June 7th, 1906, sanction was given to the establishment of a South Manchuria Railway Company; and the preliminary requirements having been complied with share subscriptions were invited during September and October of the same year. Of the total issue of 600,000 shares at £20 per share, 500,000 are held by the Japanese Government in the name of the Minister of Finance, while the remaining 100,000 shares are divided among 7354 persons. With the exception of twenty-five Chinese, mostly domiciled in Japan, all the shareholders are Japanese. In July 1907, the Company issued in London £4,000,000 five per cent. bonds; in June 1908, £2,000,000 five per cent. notes redeemable in June 1911; and in December 1908, £2,000,000 five per

cent. bonds. In January of 1910, simultaneously with the delivery of Japan's reply to the United States rejecting the proposal for the neutralisation of the Manchurian Railways, the Emperor issued a rescript authorising the South Manchuria Railway Company to borrow an amount equal to double its paid-up capital but not exceeding the total capital. This means that the Company, whose total capital is £20,000,000, of which £12,500,000 is paid up, can borrow £20,000,000. Early in 1911 the Railway Company issued in London £6,000,000 of 4½ per cent. sterling bonds, of which £2,000,000 was applied to the repayment of notes for that amount, while the remainder was devoted to the improvement of harbour works, the increase of rolling-stock, and the extension of electric light and gas works, &c. The bonds, the principal and interest of which are unconditionally guaranteed by the Japanese Government, are, in ordinary circumstances, repayable on January 1st, 1936.

It was on April 1st, 1907, that the Government transferred to the Company the following properties:—(1) The railway lines between Darien and Changchun; Nankuanling and Port Arthur; Tashihchiao and Yingkow; Yentai on the main line and the Yentai coal-mine; Suchiatun and Fushun; and Antung and Mukden. (2) The machinery, implements, and other material actually in use on the above railways and mines, and also on the railway line between Mukden and Hsinmintun. (3) The properties in land, buildings, and other establishments, both within and without the Kwantung Leased Territory, belonging to the above railways and mines. Altogether the Company operates 730 miles of railway. Originally the system was laid to the Russian standard gauge. During the war, however, the Japanese, as they advanced northwards, relaid the line to the narrow gauge (3 feet 6 inches) that prevails throughout their own country. This change enabled them to make full use of a sufficient supply of rolling stock imported from Japan. When normal conditions were restored the Company found itself faced with two alternatives: (1) To facilitate through traffic northwards by restoring the line to the Russian gauge, a procedure that might in the event of war involve serious risks of a strategical nature. (2) To

relay the line to a 4 feet 8½ inch gauge in accordance with the standard prevailing on the North China Railways and on the Korean trunk system. The latter course, obviously the best both from the commercial and strategical point of view, was adopted, and a year later, in May 1908, the work of reconstruction was completed. The main line from Dalny to Suchiatun, a distance of 238⅓ miles, has been doubled along the whole length, and as a consequence an enormous development of the rich coalfields in the vicinity is anticipated.

Express trains from Dalny to Changchun, consisting of Pullman dining and sleeping cars, cover the distance of 437½ miles in under twenty hours. This service, which is run three times a week, connects at Changchun with the Siberian trains of the International Sleeping-Car Company and the Russian State Express; while a bi-weekly service of commodious steamers is operated by the Company between Dalny and Shanghai. On the journey from London to Shanghai a saving of two days is effected by the South Manchuria route as compared with the route via Vladivostock, and it is now possible to travel between England and Japan under conditions of complete comfort for a first-class fare of £37. At the principal stations along the system large hotels have been erected.

For the improvement in the travelling facilities between East and West the world is indebted largely to Baron Gōto, who, as the first President of the South Manchuria Railway Company, initiated many wise and liberal reforms. In 1908 it was officially announced that all affairs relating to the Company would in future be controlled by the Department of Communications in Tōkyō, of which Baron Gōto was the head, and subsequently they were transferred to the management of the Imperial Railway Board on the constitution of that authority. By this arrangement it was hoped to lessen some of the difficulties arising from the complex character of Japanese administration in Manchuria.

Owing to economical management the Company has been able to pay a dividend of 6 per cent. to the private shareholders and 2½ per cent. to the Government. All who are acquainted with the enormous possibilities that await the

development of trade and commerce in the region it serves realise that its future as a prosperous undertaking is assured. "I have travelled in different parts of China," wrote Sir Alexander Hosie, some years ago, "I have seen the great salt and piece-goods traffic between Ssu-ch'uan, Kwei-chow, and Yünnan, but I never saw a sight which from its magnitude impressed me so much with the vast trade of China as the carrying trade from north to south of Manchuria. . . . Although it may be considered presumption on my part to give an estimate of its value, I cannot refrain from hazarding the conjecture that we are faced with a trade whose annual value does not fall short of fifteen million pounds sterling."

In his book entitled "Railway Enterprise in China," Mr. P. H. Kent points out that in past years the only port of entrance and exit for this trade was the treaty port of Niuchwang, ice-bound for a third of the year. He shows that the port of Dalny, in spite of optimistic expectations based on the fact that it remained open throughout the year, was, under the Russian régime, unable to compete with its northern rival, apparently by reason of the prohibitive freight that obtained on the peninsular railway. "The great trade route," he adds, "is the Liao River, to which the bulk of the produce that is not carried direct to Niuchwang is taken in carts. The roads in Manchuria are bad, and much of the trade is entirely dependent on the Liao, which, with all its feeders, is frozen on an average for four months in the year. In such circumstances, with a port open at all seasons of the year as one of its termini, it should not be difficult for the railway to secure a very large proportion of this great carrying trade if it set itself seriously to the task, with the result that besides benefiting itself, it would also benefit the trade, both export and import, that would rapidly increase as the country became accustomed to sustained trade movement throughout the year."

The principal articles transported by the railway at present are beans, peas, miscellaneous grain, coal, timber, salt, and materials for building. The recent development of the export trade in beans will add materially to the revenue of the Company. During a recent season no fewer than sixty ships secured freights of bean and bean oil at Dalny.

Owing to the interpretation placed by the Japanese upon their treaty obligations the South Manchuria Railway will not suffer appreciably from competition. In order to extend the navigable passage of the Liao River the Chinese have threatened to resort to energetic dredging operations, but as this waterway is frozen for a considerable period of the year it cannot inflict any serious injury upon the railway. In regard to competition from the North China railways the Japanese system has at present an advantage inasmuch as it is free from *likin* charges.

In any outline of the operations of the South Manchuria Railway Company it is essential, even at the expense of repetition, to refer to the wide scope of the undertaking. From a report supplied to me by the Imperial Japanese Financial Commissioner in London, the following details concerning the property owned by the Company are extracted :—

| | Acres. |
|---|---|
| Area of lands in the leased territory of Manchuria | 5,488 |
| Outside of the above . . . . . | 40,332 |
| Total . . . . | 45,820 |

| | |
|---|---|
| Number of houses . . . . . | 14,162 |
| Number of residents . . . . . | 57,632 |

Rent of land from £1, 10s. to £45 per acre.

Altogether the Company has invested £4,600,000 in various productive enterprises. Besides owning harbours, mines, factories, gas and electric light works, hotels, telephonic, telegraphic, and tramway systems, it exercises, to all intents and purposes, administrative rights on behalf of Japan in the territory adjacent to the line, superintends immigration, and conducts the settlements. Hospitals, schools, and laboratories have been established, and at fifteen different centres systematic town planning is being carried out.

The following approximate figures show the Company's capital expenditure up to September 30, 1910 :—

| | |
|---|---|
| Railways | £4,700,000 |
| Electricity | 330,000 |
| Gas | 70,000 |
| Harbour and wharves | 500,000 |
| Mines | 700,000 |
| Hotels | 80,000 |
| Land improvements | 570,000 |
| Buildings | 850,000 |
| | £7,800,000 |

The enterprise does not necessarily end with purely commercial undertakings. In certain centres parks have been established. Then, within some five miles to the south-west of Dalny, at a point called Hoshigaura, a sea-side resort is being created. Here the Company has built a number of bungalows, and in the season it provides the customary attractions of a watering-place.

# LXIV

## TRADE OPPORTUNITIES IN SOUTHERN MANCHURIA

IT has been suggested by certain publicists that if Japan should succeed in monopolising the resources of Southern Manchuria, and in gaining a place of unquestionable supremacy in the trade of this region, then it need not necessarily be a matter of deep concern to ourselves. They urge that Great Britain cannot lead in all the markets of the world, and that in view of the great sacrifices made by Japan during the war, and her inevitable advantage of geographical proximity, it is, to say the least, churlish to deny her the reward of commercial supremacy. It is, perhaps, necessary to emphasise that, in so far as the competition of Japan is conducted upon fair lines, her activities, though they may give rise to some regrets, cannot be made the subject of envious complaint. She herself, however, has again and again declared in favour of the Open Door, and for British interests to retire with so alluring a prospect as that offered by the great resources of Manchuria would be arrant folly. In the circumstances, we would be far-seeing were we to follow the example set by the United States, whose policy has persistently been directed towards encouraging the energy and enterprise of her merchants. Before his election to the Presidency, Mr. Taft made several extended tours throughout the Far East, and on one of these occasions, in a business-like speech delivered at Shanghai, he clearly indicated that the Washington Government was determined to insist upon adherence to the letter no less than to the spirit of all treaty obligations having for their object the maintenance of the principle of equal opportunity. In an address delivered at Seattle in the year 1908, Mr. William H. Rockhill, a former American Minister to China, emphati-

cally declared that any statement that the United States could not compete with Japan seemed to be sheer nonsense. Then he proceeded to tender a few words of sound advice, which might have been applied with equal force to British effort. "If we cannot compete with Japan," he said, "even though the latter country enjoys a closer proximity to the market, then I have greatly under-estimated my countrymen. We have the knowledge and we have the capital. Japan cannot compete with us if we go out aggressively to get the business. The handicap of distance is so slight that it should not interfere greatly with our commercial success. The Germans have their agents everywhere studying the needs of the people, and looking after the shipment of their products. The Germans are aggressive, and this activity has brought them results. I will say, however, in justice to the manufacturers of the United States, that within the last two or three years there has been a slight change. Men from the Pacific Coast, from the Southern States, and from New England have gone to the Orient to further the commercial interests of their firms. This movement should be followed up until the United States gets a just share of the world's trade. The Government has done what it could to advise and help. Its consular reports rank among the best in the world, and are doubtless the most valuable published by any Government. There is no bonanza country, no Eldorado, and Americans must expect sharp competition and small profits. Ship subsidies, while they will doubtless build up our merchant marine, cannot get the trade. We must look for things over there that we need at home, so that our ships may come back with cargoes. It is not sufficient that we look only at the things that we carry across the water. We must bring something back. The markets of the world are conservative. When one nation gets in the habit of buying a certain kind of goods it keeps right on buying that kind. For instance, our best grades of cotton goods sell more readily abroad than those manufactured in England. Japan cannot make the grades we sell; the cotton manufactures of that country are confined to the lighter grades. Our prices are higher, but the people like our goods, and

the conservatism of the markets in this case redounds to our advantage."

Mr. W. D. Straight, the former United States Consul-General at Mukden, and at present the representative in China of high financial interests, has also endeavoured to awaken his countrymen to the enormous possibilities of trade in Manchuria. His wide experience, no less than the responsible position which he fills, gives to his statements a special value. According to an interview with him which appeared in the *New York Herald* some two years ago, he did not deny that Japan, in her fierce aggressiveness to seize the Chinese markets, had flooded the Empire with goods that approximated or imitated American wares, with labels placed on these goods bearing trade-marks that boldly approximated those appearing on genuine American products. These might, he said, bear an English sentence stating that the goods were manufactured in certain Japanese cities. As the Chinese did not read English they could not distinguish between the trade-marks, and the Japanese cheap goods were bought as widely as the genuine American products. Dissatisfaction resulting from the purchase of inferior qualities naturally was arousing some hostility towards American producers in China. "China's industrial attitude," he continued, "has been practically revolutionised, even within the last two years. . . . Men who have had American schooling are prominent in the Governmental roster, and a spirit of staple progress is dominant. In the province of Feng-Tien, the head of the Foreign Office is a Yale man. In the Bureau of Mines a graduate of the Yale Scientific School has just been succeeded by a graduate of the Poughkeepsie Business College, and the head of the Agricultural Experiment Stations is a graduate of the University of California. All these things point to a certainty that in the near future we will have much to regret if we don't move quickly and effectively to obtain our share of China's trade. We should not hesitate to take any step that will bring us into closer relations with the Empire. In order to gain that vast consuming market American industries must understand, first of all, that they must send their agents into China. They cannot sit back

and expect China to come to them. The two business firms which have made the most progress in the Chinese field, the Standard Oil Company and the British-American Tobacco Company, have pointed the way to success. By using the natives in the handling and selling end of the business, and in dealing directly with the people, their Caucasian representatives merely act as supervising agents, having charge of chains of stores in the various districts into which, for business convenience, the Empire has been arbitrarily divided. This system has met with most successful results. Now, if American companies do not desire each to establish such a vast sales department in China, why cannot they agree among themselves to establish agencies and trade depots which will handle the wares of a large number of manufacturing or commercial establishments? That would reduce the attendant expense to the minimum. . . . China wants our trade and our money. She needs the latter for her national development. We have capital for investment, and because of that fact we have an advantage over Japan, which, in present circumstances, is destined to be our chief competitor in that market. China believes that the United States is the one nation that is displaying unselfishness, and that will not exploit her solely for temporary gain. This national attitude makes the task before us all the easier of accomplishment, but action is what is needed if we are to capture this great Oriental market."

Distinguished American financiers, including Mr. Schiff and the late Mr. Harriman, made extended tours throughout Manchuria, and the result of their careful investigations on the spot has no doubt gone a long way in determining the United States to embark upon a vigorous forward policy in China. Not only have private individuals taken a keen and personal interest in the situation, but the representatives of the Government, who were early on the scene after the war, acquired a practical knowledge of tradal conditions, which, in turn, they described for the benefit of their own countrymen with a wealth of detail and a frankness of expression that could find no equal in the consular reports tended to the Government of any other country. They did not hesitate to point out that the policy of the South

Manchuria Railway Company in offering a substantial rebate of rates for large consignments, would operate all in favour of the Japanese traders selling Japanese goods who combined specially to secure the relief; while foreign merchants who had no organisations similar to Japanese guilds, and who, for obvious reasons, could not merge their interests into one concern, and of Japanese middlemen in a small way of business handling American goods, would receive a death-blow. Mr. H. B. Miller, the Consul-General at Yokohama, went so far as to express the opinion three years ago, that "the effect of this regulation will most likely be to concentrate the business of Manchuria along the line of the South Manchuria Railway in the hands of large Japanese merchants." In 1909, Mr. Fred. D. Fisher, then the United States Consul at Niu-chwang, compiled the instructive table on the next page, showing the places occupied by the leading nations in the important piece-goods trade of Manchuria.

The following extract from Mr. Fisher's report is especially interesting: "Manchuria has been the principal market in China for American piece-goods, and until 1905 the United States practically had a monopoly of the trade. The method of marketing these goods has been to draw from stocks kept at Shanghai. Chinese merchants, whenever they considered that a shipment of American piece-goods could be sold here profitably, have bought from Shanghai stocks and shipped into Manchuria, and with the money obtained from the sales have purchased beans, bean products, *kao-liang*, and other Manchurian products, which they have shipped to the south. Thus American piece-goods became a medium in the system of commerce of the Chinese merchants between these provinces and China proper. Under this method the Chinese merchants merely took advantage of a demand for goods, and there was no great effort toward the development of a market here for American cotton goods. Since the Russo-Japanese war the Japanese piece-goods manufacturers have become the greatest competitors of the United States in these markets. The figures in the table do not show the extent of the progress made by the Japanese, as most of their goods have been sent through Dalny. The sale of

| Description. | Niu-chwang. | | | | | | | Dalny. | Antung. |
|---|---|---|---|---|---|---|---|---|---|
| | 1896. | 1900. | 1904. | 1905. | 1906. | 1907. | 1908. | 1908. | 1908. |
| *Shirtings, Grey Plain*— | Pieces. | Pieces. | Pieces. | Pieces. | Pieces. | Pieces. | Pieces. | Pieces. | Pieces. |
| American . . . | ... | ... | 85,385 | 79,216 | 35,380 | 3,590 | 63,390 | 1,216 | 8,898 |
| English . . . | 79,103 | 62,548 | 63,857 | 100,730 | 72,400 | 32,332 | 67,253 | 6,502 | 13,111 |
| Japanese . . . | ... | ... | 1,500 | 8,000 | 580 | ... | 1,800 | 172,640 | ... |
| *Sheetings*— | | | | | | | | | |
| American . . . | 376,105 | 426,113 | 1,140,620 | 2,252,165 | 336,951 | 282,060 | 515,603 | 74,281 | 66211 |
| English . . . | 27,352 | 2,792 | 6,004 | 10,905 | 1,350 | 3,520 | 15,650 | 3,033 | ... |
| Japanese . . . | 1,402 | 1,496 | 2,260 | 60,266 | 2,440 | 98,940 | 151,400 | 30,834 | 7,890 |
| *Shirtings, White*— . | 33,375 | 30,471 | 69,586 | 125,261 | 128,333 | 78,237 | 110,751 | ... | 25,013 |
| *Drills*— | | | | | | | | | |
| American . . . | 246,993 | 116,525 | 442,291 | 974,557 | 77,102 | 130,540 | 194,570 | 4,791 | 15,734 |
| Dutch . . . . | 2,925 | 210 | 600 | ... | ... | 300 | ... | ... | ... |
| English . . . | 9,990 | ... | 7,870 | 2,115 | 165 | 3,075 | 1,840 | 634 | 4,410 |
| Japanese . . . | 360 | ... | 3,950 | 11,862 | 30 | 9,200 | 52,200 | 15,426 | 2,765 |
| *Jeans*— | | | | | | | | | |
| American . . . | 700 | 16,710 | 80,350 | 151,023 | 103,538 | 54,142 | 43,990 | 708 | ... |
| English . . . | 8,268 | 2,230 | 58,240 | 33.468 | 7,620 | 42,979 | 124,996 | 10,124 | 20,546 |

Japanese piece-goods in Manchuria is in the hands of energetic and influential merchants, who keep stocks in the principal markets in the provinces, and are thus able to fill any order, no matter how small. This makes it very convenient for the small dealers who cannot take large quantities at a time, as must be done with American piece-goods in order to get them at reasonable prices. Moreover, Japan is a large buyer of Manchurian products, and the Japanese piece-goods merchants are also buyers of these products. In these purchases they often give piece-goods in part payment, thus taking advantage of the scarcity of actual currency in circulation. Under these conditions, the method in which American piece-goods are marketed here is inadequate, and if manufacturers do not give more attention to this matter, they stand to lose a large part of their trade, to say nothing of the increase that is being created by the growing population."

The specially prepared table on the next page, compiled from the statistics of the Imperial Chinese Maritime Customs, will show at a glance the enormous strides made by Japan in the importation of cotton goods to Manchuria, the progress of Dalny as a port at the expense of Niu-chwang, and the remarkable decline of the American piece-goods trade.

In his report on the trade of Niu-chwang for the year 1910 Mr. Consul Clennell remarked that his predecessor had called attention to the pressure of Japanese competition in the cotton piece-goods trade of the port, and added that the returns for 1910 fully bear out the statement. "While Japanese articles," he said, "have increased in almost every line, those of British and American origin have been imported in reduced quantities and values."

Finally, in a report forwarded to Washington, Mr. Roger S. Greene, the United States Consul at Dalny, observed that "there are some points to be considered, at the risk of repetition, upon which I base my belief that it is desirable that American manufacturers and exporters should be represented here and as soon as possible. First, that the standard of living prevailing among the Japanese here is higher than in Japan. They receive larger wages and salaries for all grades, almost twice what they would get in Japan, and they can therefore purchase, and do so purchase, com-

| Description. | Niu-chwang. | | Antung. | Dalny.[1] |
|---|---|---|---|---|
| | 1905. | 1910. | 1910. | 1910. |
| *Shirtings, Grey Plain—* | Pieces. | Pieces. | Pieces | Pieces. |
| American | 79,216 | 137,005 | 6,473 | 5,513 |
| English | 100,730 | 85,850 | 7,589 | 3,604 |
| Japanese | 8,000 | 14,501 | ... | 8,358 |
| *Sheetings—* | | | | |
| American | 2,252,165 | 325,590 | 42,502 | 6,871 |
| English | 10,905 | 11,350 | 2,380 | 4,833 |
| Japanese | 60,266 | 244,544 | 60,310 | 420,270 |
| *Shirtings, White—* | 125,261 | 140,577 | 27,491 | 15,378 |
| *Drills—* | | | | |
| American | 974,557 | 170,718 | 9,987 | 3,062 |
| English | 2,115 | 1,862 | 1,475 | 4,797 |
| Japanese | 11,862 | 149,509 | 4,440 | 129,339 |
| *Jeans—* | | | | |
| American | 151,023 | 3,440 | ... | 40 |
| English | 33,468 | 293,033 | 16,922 | 12,550 |

paratively more expensive things. Moreover, the cold climate makes it necessary for them to live in houses somewhat after the European style, to say nothing of the real foreign houses left in the leased territory and all along the railway line. These houses require hardware and other fittings, which Japanese houses do not, and this makes it desirable, as well as convenient, that part of the furniture should be in foreign style. For instance, foreign iron beds are much used here by those who can afford them, and foreign dress is used by a very large number as the most convenient for work of all kinds. There is thus a growing market for foreign-style goods, much of which is and will be supplied from Japan, but it must be remembered that Japanese goods do not enjoy here the protection which the tariff gives them at home, so that the difference in price between the article made abroad,

[1] These figures represent the actual volume of imports into the leased territory that passed through the Chinese Border Customs and were forwarded into the interior of Manchuria.

which is usually superior in quality, and the Japanese-made article, should not be so great as in Japan."

The following table of daily wages, published by a Japanese newspaper called the *Manshu Nichi Nichi Shimbun*, bears out the statement that the Japanese standard of living in Manchuria is comparatively high:—

| Class of Labourer. | Dalny. | | Changchun. | |
|---|---|---|---|---|
| | Japanese. | Natives. | Japanese. | Natives. |
| | *Sen.*[1] | *Sen.* | *Sen.* | *Sen.* |
| Carpenters | 85 | 23 | 100 | 27 |
| Plasterers | 100 | 23 | 125 | 27 |
| Bricklayers | 100 | 22 | 100 | 27 |
| Masons | 100 | 27 | 125 | 34 |
| Sawyers | 90 | 20 | 125 | 27 |
| Blacksmiths | 100 | 27 | 125 | 83 |
| Roofers | 90 | 27 | 100 | 83 |
| Painters | 90 | 23 | 100 | 27 |
| Glassworkers | 90 | 27 | 125 | 30 |
| Sheet-iron workers | 90 | 27 | 100 | 27 |
| Mat-makers | 90 | 20 | 100 | 27 |
| Paperhangers | 90 | 13 | 100 | 27 |
| Street labourers | 50 | 10 | 60 | 12 |
| Labourers | 40 | 10 | 50 | 10 |

[1] 100 *Sen*=approximately 2s.

It will be seen that Japanese workmen, whose standard of living approaches nearer to the European standard than that of native workmen, receive a far higher wage. In Japan itself labour is exceedingly cheap, as compared with labour in the United States and Europe. That the Japanese in Manchuria require more remuneration than natives is indeed significant of the effect of Western influences upon them, and it would appear to afford proof that in one important direction tending to success in commerce—cheapness of labour—they will not always retain the advantage they at present hold over their Western competitors.

When all the circumstances are carefully considered, it cannot be denied that, providing the principle of equal opportunity is strictly adhered to in Manchuria, there is

ample opportunity for the development of British trade on a large scale. There is, however, not a moment to be wasted, as other countries are alert; and if we are to obtain a share commensurate with our importance as a commercial nation, then we must act with promptitude and vigour. The foundations of great businesses are being laid in Manchuria to-day, and so keen is the competition, and so substantial the reward of enterprise, that it is essential we should be early in the field, for ground once lost will be difficult to recover. In official circles there is need for a greater realisation of the importance of trade and commerce than has hitherto prevailed. Whereas the United States issues monthly in compact form detailed reports of conditions in all parts of the world, we are more or less dependent for information upon colourless consular reports issued annually, and sometimes so belated in appearance as to be a year or more out of date. In certain cases the presentation of a report is wholly neglected. For instance, although a British Consul has been resident for some years at Mukden—one of the most important markets in the whole of Manchuria—no statement of the condition of trade in regard to his district has yet been published, and one is compelled to turn to American sources to obtain any particulars that may be required. This omission does not necessarily mean that the Consul has not tendered a report. Investigation would in all probability reveal the fact that the documents have reached the Foreign Office, and are awaiting the process of official editing. In like manner the consuls are not to be blamed for the colourless character of their reports. Should they express any view, or present any fact likely to appear inconsistent with the High Policy pursued by Great Britain, it would instantly be blotted out at Downing Street. Consequently one must turn to American sources to find out the true facts concerning Japanese activity in Manchuria. Moreover, British commercial interests do not receive intelligent support from the British Embassy at Tōkyō. I well remember that on one occasion the British representative declared that it was his aim to prevent anything in the nature of competition among British merchants and traders. As a result he declined to give material help to any one, on the ground

that if he did so he might conceivably be accused of favouritism! On another occasion when the Japanese decided to place an order of exceptional value with a British firm, they requested its agent to obtain a final letter from the British Ambassador, not specially recommending his firm, but simply stating that it was well known. In the end the agent obtained the required letter—but from an Ambassador of a foreign country! British diplomacy still imagines that commerce is beneath its notice. It is useless talking about the decline of our trade so long as the organisation for protecting our interests abroad is so hopelessly inefficient, and the individuals who are in charge of it so ludicrously incompetent. The subjects of other countries on arriving in Tōkyō receive proper treatment at the hands of their Ambassadors, and many of them are introduced personally by him to the prominent business men in the capital. Frequently I have heard an English merchant exclaim, "I wish I were an American. Then I would get some help and would not be handicapped so much by the help given to others." And in more than one instance foreign Embassies out of sheer courtesy and friendship have given assistance to Englishmen, assistance that would have been curtly refused had application been made in British quarters. It is often urged that British commercial interests in Manchuria must inevitably suffer to some extent, in view of our High Policy—the alliance with Japan. No motives of High Policy, however, should permit the sacrifice of principle—the principle of equal opportunity in commercial matters. On the other hand, our merchants must display a zeal that will force the Government to recognise and support with vigour and sincerity their right to participate in the development of the great resources of Manchuria. To those desirous of establishing businesses in that region I would recommend the following procedure:—

1. Appoint agents on the spot.

2. Send out well-finished samples. The Chinese are critical in their examination of articles offered for sale.

3. For preference establish an import and export business. It is only by interchanging trade that real success can be achieved.

4. If possible keep ample stocks on the spot, so as to be able to take advantage of the opportunities of the moment.

5. Advertise in native characters, and employ trustworthy natives to act as selling agents in the interior.

At present we are pursuing a short-sighted policy, inasmuch as we are actually financing the Japanese in their commercial campaign against ourselves. So long as they are able to obtain money at a low rate of interest to be applied for the purpose of bringing in a high return through the medium of business concerns established on the spot, so long will we be hopelessly handicapped. The surplus from war funds borrowed in England enabled the Japanese Government to invest in the South Manchuria Railway. Debentures floated in this country have resulted in the expansion of that great corporation at the expense of private enterprise. Although the Japanese Government denies that it lends money at a low rate of interest to Japanese traders in Manchuria, it cannot truthfully refute the statement that indirectly it provides them with the necessary financial assistance.

Another example of the means resorted to by the Japanese in order to finance themselves is to be found in the debenture loan floated in London on behalf of the Industrial Bank. The money so obtained at comparatively low interest was used to stimulate Japanese activities in Korea, and it also enabled the bank to support various enterprises of a nature likely to compete with British effort. It must be remembered that whether or not money is lent to Japan specifically for purposes in Manchuria, the effect of its employment in any other direction must to some extent affect our interests in Manchuria. Japan is the base and Korea the advanced base for the commercial attack upon Manchuria. The Japanese themselves are not astute enough to conceal their financial strategy. "There is no reason to be discouraged over the shortness of money in Manchuria," wrote the *Jiji Shimpo*, an influential organ. "Our credit is fortunately high in foreign markets, and capital can be borrowed at low rates." The only way to meet Japanese competition effectually is to stop the supply of cheap money. The nation is spending the price of its own activities upon armaments, and meanwhile is

depending upon foreign funds for the expansion of trade and industry. As will be seen from the chapters dealing with finance, the state of the national exchequer does not in honesty warrant the Government in guaranteeing another single penny by way of loan from abroad.

# LXV

## THE LEASED TERRITORY AND THE PORTS OF SOUTHERN MANCHURIA

IN the Treaty of Portsmouth Russia transferred to Japan her lease of the Kwantung Peninsula, and this act was subsequently confirmed by China. It was on March 27, 1898, that an agreement was signed between China and Russia, under which the latter Power entered into occupation of the territory. The first article of the compact recorded that "It being necessary for the due protection of her navy in the waters of North China that Russia should possess a station she can defend, the Emperor of China agrees to lease to Russia Port Arthur and Ta-lien-wan, together with the adjacent seas, but on the understanding that such lease shall not prejudice China's sovereignty over this territory." The third article stipulated that the duration of the lease should be twenty-five years from the day the Treaty was signed, but that it might be extended by mutual agreement. The right of the Japanese to hold the territory will therefore cease in 1923.

The total area of the Kwantung Province, inclusive of adjacent islands, is estimated at 219 square miles, and on the last occasion that a census was taken the population was found to be as follows: Chinese, 425,599; Japanese, 36,688; other nationalities, 112; total, 462,399. The efforts of the Japanese are directed towards making the colony self-supporting. At present, however, in order to balance the Budget, an annual grant of about £300,000 from the National Treasury is needed.

According to an official investigation, the total area of cultivated land in the province at the end of 1910 was 197,880 acres, of which a greater part is used for raising cereals. Of the ordinary agricultural products the largest

in quantity are maize, *kaoliang*, Italian millet, soya beans, red beans, wheat, barley, green beans, buckwheat, and rice. The yield of tobacco, Indian mallow, and hemp is by no means inconsiderable. Horses, black cattle, mules, asses, pigs and domestic fowl are reared in large numbers. Among manufacturing industries the making of bricks, lime, cement, glass, bean cake, and bean oil, are the most promising. The principal marine product is salt. The total area of salt-fields is 8750 acres, and the annual yield exceeds 37,500 tons. The fish caught in the neighbouring waters consist of *tai*, shark, cutlass, and cod, and their annual value amounts to about £200,000.

The Kwantung Peninsula has no longer that strategical importance which was attached to it in the days before the Russo-Japanese war. In the event of hostilities again breaking out between Russia and Japan, the centre of activity, as far as naval operations are concerned, would be the Sea of Japan, and Vladivostock would take the place occupied by Port Arthur in the last campaign. The Japanese would make use of a Korean harbour as their principal naval base, and on land they feel confident that, no matter how great the odds, they could hold the Kinchau Isthmus, which is little more than two and a half miles wide at its narrowest point. Hence they are at present strengthening only those fortifications fronting the sea at Port Arthur, and a decision has been arrived at to abandon the policy of using the port exclusively for naval purposes.

**Dalny.**—Dalny, the principal port of the Kwantung Peninsula, and one of the finest ports in the whole region of the Far East, will ever remain in the minds of men a tribute to the grand conception of Russian policy in Asia; a policy that sought to accomplish in less than a decade what in other parts of the world centuries of civilisation have not yet achieved. This policy found expression in all that was imposing and much that was magnificent. Prior to 1898 Dalny was a peaceful little village where a white man was seldom, if ever, seen. The Chinese inhabitants found simple occupation in fishing in the neighbouring waters, and the smoke track of a steamer along the horizon was a sight so rare as to be remarkable. Then came

the leasing of the territory to Russia. Seated in his cabinet more than six thousand miles away, the Tsar gave orders that the obscure fishing village should become the great Russian port of Dalny. And within three years, as it were by magic, there rose from the Manchurian shores a town of noble proportions, representing at one and the same time all that was best and all that was worst in the civilisation of the West. Neither effort nor money was spared. Altogether a sum representing twenty millions sterling was expended in public works. The war with Japan intervened when the great task was as yet unfinished, and it has been left to the victor to place the coping-stone upon the magnificent edifice.

As the headquarters of the Civil Administration and of the South Manchuria Railway Company, Dalny is an extremely important place from the Japanese point of view. The Administrative Offices are located in pretentious buildings, while for the President of the Railway Company a residence is provided which is looked upon by the Japanese, accustomed as they are to the simple wood and paper dwellings of their own country, as nothing short of palatial. In preceding chapters I have already dealt with the wide scope and extended powers of the South Manchuria Railway Company. The impressions of a Japanese correspondent, who visited Dalny not long ago, will be found to confirm fully all that I have written on the subject. "Dalny is practically and figuratively," he observed, "the centre of such parts of Manchuria as Japan has a control of, though actually and geographically it is the corner of an entrance to Manchuria. . . . The South Manchuria Railway Company plays the most important part in the living drama of the Manchurian Administration; and those who are not, in one way or another, directly or indirectly connected with this grand Company could expect to perform nothing significant in Manchuria. This Company it is that monopolises all the profitable enterprises in South Manchuria." It will be seen that I have given a literal quotation of the words of the correspondent, whose views are of some interest as refuting the repeated denials of the Japanese authorities that the Company does not seriously compete with private enterprises.

The port of Dalny is approached through an entrance sufficiently wide to admit steamers of any tonnage at all hours of the day and at any state of the tide. Protection for shipping has been provided by a system of breakwaters which has not yet been completed. Behind these stone and concrete bulwarks lies an expanse of smooth water covering an area of some hundreds of acres and forming what is known as the inner harbour. Running at right angles to the stone-faced foreshore are the great granite-built wharves capable of accommodating the largest ocean-going steamers, while berthing for vessels drawing up to 22 feet is provided by wharves built of concrete blocks, faced with granite. When it is observed that at no place are these wharves less than 350 feet wide, that they are lighted from end to end by electricity, that commodious bond-houses rise from their surface, and that they are intersected by a network of lines upon which massive steam-cranes and the freight trains of the South Manchuria Railway are brought alongside the hatches of ocean leviathans, it will be realised that as far as port facilities are concerned Dalny has been planned on a scale thoroughly in keeping with the magnitude of the great railway system of which it is the terminus. Elaborate harbour improvements are being carried out on the lines originally laid down by the Russian Administration, comprising the extension of breakwaters and quays, and the addition of warehouses and grain elevators. Dredging operations on a grand scale are in progress, and it is estimated that before the port is deepened to the necessary requirements some fifteen million tons of mud will have to be removed. The town itself extends along the length of the water front and inland towards a sheltering background of hills. It is bi-sected by a deep ravine, the bed of which provides a track for the railway, while overhead communication is maintained across a bridge of handsome proportions. With almost everything required for the making of a modern city Dalny is well equipped. Among other things it possesses an electric light station, electric tramways, waterworks, an up-to-date system of drainage, and in the central parts macadamised streets well lighted by night, while it boasts of three hotels—one conducted on European lines

by the South Manchuria Railway Company—four parks, and a zoological garden. The total population of the town and its suburbs is 80,000. In 1909 the Japanese residents accounted for 22,000 of that number. In the course of this work the writer has frequently stated that the conduct of a large proportion of the Japanese settlers in Manchuria has been such as to bring grave censure upon an administration that apparently made no serious effort to check its evil tendencies. As far as Dalny is concerned, proof of these statements is supplied by the Japanese correspondent previously quoted in connection with the operations of the South Manchuria Railway Company.

"As I have soon learned," he wrote in the *Japan Times* of July 24, 1909, "through local newspapers, there is in prevalence in Manchuria an adjective 'Manchurian' pregnant with a very comprehensive significance. Its meaning cannot be better explained than by giving examples of its actual usage. They speak of Manchurian house, Manchurian course of action, Manchurian husband, Manchurian wife, &c., &c. . . . It means unscrupulous, wild, or any other quality which damns the tedious conventionalities of so-called social decorum and decency. . . . The wives and daughters of respectable gentlemen are very seldom seen walking on the streets, and never at night, evidently because they abhor this invisible, obnoxious influence pervading the Manchurian atmosphere. From this you may conclude that the general morality of Manchuria, if not actually worse than that of home, at least presents an appearance of being so. . . .

"The Japanese consider it beneath their dignity to pull *rikishas* or to drive horses. The Chinese are the coolies of the Japanese in Manchuria; they live simply and cheaply, work like devils, and hoard money and send it home yearly in large amounts; while the Japanese look proud and dignified and have an air of boss, superiors, masters about them, though at bottom they have but little money and little more ability and tact than the Chinese. Japanese are beaten by Chinese in every field of labour—call it low and menial—but remember that labour is the root of that industry by which alone Japanese now can counterbalance their superior power of labour. In short what the Chinese are to the

Japanese in Manchuria so are the Japanese to the whites in California." Thus it is again and again made manifest that the Japanese cannot take abroad with them the economic conditions that prevail in their own country, and that already they are on the high road to economic equality with the standards of Western peoples.

The Kwantung Government-General has established an experimental laboratory in the town, and already results of a highly satisfactory nature have been obtained. From official statements that have reached me on the work already accomplished, I take the following extracts, which may be of some guide to the foreign capitalists desirous of establishing enterprises in Manchuria:—

"I. *Distilling of Spirits.*—The distilling of Chinese spirits from *kaoliang* has long been carried on in Manchuria, the annual production in the southern districts alone being about 8,000,000 gallons. The native method is very crude, and the yeast is made from barley and beans, which are comparatively more expensive than *kaoliang*. According to a recently discovered method, the yeast can be made from the *kaoliang* itself, and 40 per cent. more spirits can be obtained.

"II. *Wild Silk.*—Wild silk is produced in the districts of Kaiping, Siuyen, Kwantien, Fenghwangcheng, and Antung. Hitherto it has been sent chiefly to the Chefoo district, where it is made up as pongee, but efforts are being made to encourage the industry in the leased territory itself. The total annual production of wild silk in Manchuria is estimated at from 120,000 to 130,000 baskets, each basket containing 30,000 to 35,000 cocoons, and its value at £500,000. The drawbacks to the silk as at present produced are said to be as follows:—

"(1) It contains large quantities of lime and glue, which make it hard and tough.

"(2) It contains too much water and is liable to shrink.

"(3) When rubbed together there is not the well-known silky sound.

"(4) It has a peculiar smell.

"(5) It possesses a brownish colour.

"(6) There is difficulty in spinning fine reels from it, and when the reels are twisted together they do not combine properly.

"(7) When exposed to a high temperature it is liable to show a feathery surface.

"(8) When wound in the reeling machine it is apt to break, and presents many knots.

"The cost of wild silk is about one-quarter that of ordinary silk, and experiments have been undertaken to remove the above-mentioned defects. As a result of continued experiment, a process has been discovered by means of which:—

"(1) The peculiar smell vanishes.

"(2) There is a better colour and brighter tint.

"(3) The material possesses a silky sound.

"(4) There is no liability of shrinkage.

"(5) There is an increase of elasticity.

"By further experiments it has been found possible, when reeling, to give the thread a regular thickness and stronger twist and to reduce the knots to a minimum. The cost of the new method is about 5 per cent. more than the old way, but the percentage of weight lost by bleaching is less, and the new method is stated to be more economical. It is expected that the new process will result in Dalny becoming the principal port for the export of silk fabrics.

"III. *Bean Cake and Bean Oil.*—The manufacture of bean cake and the extraction of oil from beans has long been undertaken in Manchuria.

"By the present method, using hand presses, the amount of oil extracted from the beans is about 8 per cent. At one mill in Dairen, which is fitted with hydraulic presses, nearly 10 per cent. can be obtained. The quantity of oil in the soya bean is from 16 to 17 per cent., and by improved processes it should be possible to extract practically the whole of this, and still make from the fragments as good a quality of bean cake for fertilising purposes as is made now.

"IV. *Soap.*—The manufacture of soap from bean oil has been tried with good results. Its chief characteristic is that it is easily soluble in hard water. A cake of the soap made

in the laboratory here weighs nearly 2½ ozs. troy, and the cost of manufacture is said to be not more than ½d., including wrapping and scenting, or at the rate of 2½d. per lb.

"V. *Glass.*—It is said that in certain parts of the leased territory there exist most of the materials necessary for making glass, and that a manufactory established on a large scale should turn out a profitable enterprise. There exist already in Dairen a few glass-making concerns, but they are on a very small scale.

"VI. *Paper.*—Paper has been successfully made from *kaoliang* stalks, and it may be advisable for large consumers of paper to turn their attention to Manchuria, where the *kaoliang* is grown in almost unlimited quantities. Hitherto the stalks have only been used for fuel."

Apart from valuable experimental and research work the Japanese conduct five educational institutions, where a number of Chinese students are provided with free education.

As will be seen from the following tables, compiled from statistics for the year 1908, which, in subsequent years, have undergone no appreciable change, 60 per cent. of the trade and practically the whole of the shipping of the port of Dalny are in the hands of the Japanese.

TABLE I.—*Trade*

| Countries. | Exports. | Imports. | Total. |
|---|---|---|---|
| | *Yen.* | *Yen.* | *Yen.* |
| Japan | 23,178,383 | 16,643,899 | 39,822,282 |
| China | 11,513,257 | 4,062,835 | 15,576,092 |
| Korea | 35,256 | 1,572,180 | 1,607,436 |
| Other Countries | ... | 9,076,733 | 9,076,733 |
| Total | 34,726,896 | 31,355,647 | 66,082,543 |

TABLE II.—*Shipping*

| Nationality. | Vessels. | Tonnage. |
|---|---|---|
| Steam— | | |
| Japanese | 1,278 | 1,503,167 |
| British | 117 | 300,614 |
| Chinese | 81 | 31,429 |
| Norwegian | 25 | 36,223 |
| German | 21 | 50,080 |
| United States | ... | ... |
| Russian | 1 | 3,763 |
| French | ... | ... |
| Belgian | 1 | 4,644 |
| Korean | 1 | 1,027 |
| Total | 1,525 | 1,930,947 |
| Sailing | 2,851[1] | 39,272 |
| Grand total | 4,376 | 1,970,219 |

**Port Arthur.**—A considerable part of the journey between Dalny and Port Arthur is traversed through level country, but as the train approaches the outlying districts of the great fortress the scenery changes, and high, rugged hills and wide sweeping valleys converging into narrow passes begin to appear. Several steep gradients are climbed, through the summits of which deep cuttings have been hewn, and then suddenly, as it were, the train rushes downwards to the plain, round the base of the northern extremity of the chain of fortified heights, along a small tidal inlet, and past the western slopes of Pai-yu-shan (Monument Hill) to the outskirts of the Old Town. From whatever point the citadel is viewed, whether it be from the crag of some distant peak, from the lofty Monument Hill which forms so central a feature of the town itself, from its hilly, winding streets, or from the deck of a steamer in a land-locked harbour that is completely hidden from the sea by the grim buttress of the coast hills, the impression conveyed to the mind is one of impregnability. With a natural protection of high land along the sea-board Port Arthur, placed in a deep cup-

[1] Of these, 78 vessels of 4005 tons were Japanese.

shaped hollow, is girt to the north, to the east, and to the west with a circlet of frowning ranges, and these ranges are themselves encompassed by mountainous systems extending far beyond. The northern slopes of Pai-yu-shan and of the eastern heights, and a southern arm of the An-su-shan–It-su-shan system, form the mainland portal, and it is through here that the railway enters the town. From the first-named eminence a magnificent panorama is revealed. Taking first a wide radius, to the north runs the valley through which, as I have just mentioned, the railway passes from Dalny. Linking up with this valley on the north, stretching far to the east, sweeping southward, and then curving westward again along the coast line, in the form of a half-hoop, is a great chain of fortified heights, which are separated from the town by a range of lesser hills. Turning north again, and allowing the eye to travel westwards, the fortified crests of An-su-shan and It-su-shan appear, and farther still the double hump of "203-Metre Hill" stands boldly out, lying in a diagonal direction about five miles north-west of the harbour. Hilly country forms the western boundary, the principal summits of which are fortified. Southwards to the horizon stretches a wide expanse of ocean, while in the dim distance to the far south-west loom the sombre heights of the Liao-ti-shan Promontory. Thus briefly have I described the outlying features of Port Arthur's confines. If, however, the radius be narrowed, a very different scene is unfolded. To the south and immediately facing Monument Hill the narrow entrance to the harbour finds its way past Golden Hill on the east and Tiger's Tail Peninsula on the west, both points of which, as well as the hilly coast-line on either side, are strongly fortified. Between the eastern shore defences and the base of Monument Hill—a very restricted area—lie snugly hidden away Port Arthur's miniature harbour, Admiralty Basin, and the Old Town. Winding tortuously out from the back of the Old Town, through the adjoining Chinese quarter, over a low saddle in the inner chain of the eastern hills, and so to the outer heights and beyond, is the road to Dalny. Within the harbour and stretching far to the west, where it finds a second outlet a few miles

down the coast, can be seen a large expanse of tidal water —too shallow to provide anchorage for shipping—on the northern shores of which, and connected to the Old Town by a wooden bridge that spans an inland estuary, is situated the New Town of Port Arthur.

The scene after the siege was one of utter desolation. In the New Town—an urban extension built largely on reclaimed land—many handsome buildings were partially demolished, while scarcely a house or a wall had remained unscathed from shell-fire. Evidences of the terrible bombardment that proceeded night and day for month after month were also noticeable, though perhaps to a less extent, in the picturesque quarter of the Old Town. The eastern face of Monument Hill and the slopes of 203-Metre Hill and other heights were literally torn and scarred.

No more vivid account of the enduring effects of the great siege is on record than that published by Mrs. Patton, a lady well known in the Far East, who visited the battle-fields of Manchuria two years after the conclusion of the war.

"203-Metre Hill," she wrote, "is about five miles from the city, over the most detestable road it is possible to conceive, compounded of equal parts of deep red dust and loose stones. At the foot of the hill the carriage stopped, and I saw before me a barren hill of clay and red iron-stone, with a steep winding road of about a short mile to the summit. As I jumped out of the carriage I trod upon what I thought was a piece of crooked stick, one end of which slightly struck my foot, causing me to look down, when I saw it was a *rib-bone*, bleached white by exposure! This was the first of several I saw on my way to the summit, and I also picked up, and of course laid down again a little off the road, what had been the thigh-bone, and also the arm-bone, of a man. 'It was impossible,' said my companion, 'to bury everything. On this road where we are walking many Russian soldiers are buried.' And as he spoke, he turned over the loose stones with his walking-stick, and immediately many loathsome insects hurried out, of a kind I had never seen before, about an inch and a half long, black, with many legs, and yet not resembling centipedes. I begged him not to

disturb them any more, as it proved that the bodies could not be far beneath the surface, and of course uncoffined. Under the stones beside the road were many fragments of what looked like rotten canvas, but which had doubtless been soldiers' clothing, and pieces of old boots also protruded from the stones in many places. The ascent was steep, and once when I paused for breath, and gazed at the scene before us, the young officer remarked, with a far-away look in his eyes, 'I came here from Dalny two days after the battle, and this hill was completely covered with Russian dead! I saw heads, and arms, and legs, but I could not see the bodies they belonged to.' 'What a dreadful sight!' I exclaimed. 'Yes,' said he, 'I shall never forget it.' The ascent resembled that of a mountain after an eruption, so completely was the whole hill ploughed up with stones split from the effect of shells. Breathless, at last I reached the top and gazed around. Knowing what I knew of the battle that had raged there furiously for ten days and nights—of the hill taken and retaken five or six times by each side—of the refusal of the Russian commander to allow of any armistice to permit of the Japanese removing their wounded from their side of the hill where they lay thick and dying without hope of assistance (the Russians knowing well that the dead and dying of their enemy would be the best barricades against their advance) with battle raging around them—the loneliness and silence of the place as I saw it, with only myself, my guide, and my servant within sight, was almost overpowering."

On entering the fortress the Japanese, in order to avoid the outbreak of a pestilence, were compelled hastily to bury the bodies of their late enemies in the bomb proofs. Subsequently, with every mark of reverence, thousands of corpses were re-interred in suitable places. Many interesting relics of the siege have been collected and placed in a museum in the town. Millions of money are to be expended in converting Port Arthur into a commercial port of first rank; but in opening it to the trade of all nations the Japanese know full well that the enormous influence they wield in Southern Manchuria, no less than the advantages they derive from geographical proximity, will enable them to overwhelm

the efforts of their foreign rivals. Port Arthur will only become another Dalny; another Japanese port in Chinese Manchuria. Whatever its future as a commercial centre may be it will for ever remain one of history's greatest landmarks—a place sacred to the memory of unparalleled heroism, a "sepulchre of bones."

**Niu-chwang.**—The issue of the war with Russia gave the Japanese a specially favourable position at Niu-chwang. Not only were they able to acquire a considerable influence in regard to the management of the affairs of the port, but they secured other concessions of a more substantial nature. For instance, with the restoration of the port to China, a tract of land between the eastern extremity of Yingkow city and Niu-chiatun, which formed the Japanese settlement under the military *régime* was included in the South Manchuria Railway "zone," and was placed under Japanese administration. As very few Japanese resided outside this district, the change meant that as far as the treaty port of Niu-chwang was concerned they were privileged to live in territory over which their country, represented by the South Manchuria Railway Company, exercised territorial jurisdiction. The extension of the Tasichiao branch of the railway to the Japanese settlement itself, conceded by China in the agreement concluded in 1909, still further strengthened Japanese influence. It has been urged that this extension affords striking proof of Japan's anxiety to adhere to the principle of equal opportunity, inasmuch as it seeks to provide satisfactory communication with a treaty port that competes seriously with Dalny. Moreover, as evidence of *bona fides*, it is pointed out that whereas Russia discriminated in railway rates as between Dalny and Niu-chwang, Japan has taken prompt and effective measures to equalise conditions. In the first place, however, it should be remembered that within the last few years Japan has secured premier position in the trade and shipping of Niu-chwang. The widespread influence which she wields in Southern Manchuria, and the advantages inseparable from geographical proximity and cheap labour, will doubtless result in a steady increase of her share in the commerce of the port. Any facilities she may extend in that direction, therefore, will

primarily benefit her own people, who alone are able to take full advantage of the rebate concessions that exist throughout the whole railway system, and will assist the South Manchuria Railway in its competition against the Chinese line and the Liao waterway. Furthermore, it is not strictly accurate to state that no discrimination is made by the Japanese over the railway from Dalny as compared with the line from Niu-chwang; for the rates on the South Manchuria system are not in all cases proportioned to distance. Until recently the same rates were charged to all places north of Liaoyang from both ports, although Niu-chwang is nearer by some 136 miles, and this is still the case for points north of Mukden. Thus it is possible to ship cargo from Shanghai *via* Dalny to places in the interior of Manchuria at through rates which are not quoted for cargo shipped *via* Niu-chwang.

Mr. Roger S. Greene, the United States Consul-General at Dalny, in making a comparison between the respective merits of that port and Niu-chwang, incidentally supplied a clue to Japanese motives. "Niu-chwang," he wrote, "has at present the very great advantage of being the old-established port of entry and depôt for Manchuria, with a considerable Chinese mercantile population, and having an extensive system of waterways and two lines of railways—Chinese and Japanese now, apparently, actively competing—to connect Niu-chwang with the interior. The Japanese line is now planning to extend its tracks a mile or more to a place on the river more convenient than the present Niu-chwang station for handling cargo. Dalny has on her side the advantage of free communication with the outside world all the year round. It would seem that the future of Dalny, as a really great city, depends far more on an increased development and an increased population of the territory along the railway line than on the proportion of the existing trade that can be diverted to this port from other routes. This will take time and hard work, but I believe it will come." It is clear that the Japanese themselves have everything to gain by an increase in the railway facilities at Niu-chwang. In short, their position in Southern Manchuria is so strong, both from a commercial and a political point of

view, that it is difficult to conceive any development of a kind that would not conduce primarily to their benefit.

In 1909 the Niu-chwang Chamber of Commerce, realising the vital necessity of conserving the natural asset of the port, the Liao waterway, passed certain resolutions recommending the adoption of a "one-per-mile" tax on imports and exports, and a small shipping tax per ton on all incoming vessels as the basis for providing funds with which to effect the required improvements. The Chinese authorities have wisely adopted these recommendations, and it is expected that operations will shortly be commenced with the object of deepening the Outer Bar and the channels, and dredging the upper reaches of the Liao. The entire scheme is to be carried out under the direction of an experienced English engineer, and is estimated to cost about £80,000.

As I have pointed out elsewhere, Niu-chwang labours under the disadvantage of being closed to navigation for four months in the year, during which period a large volume of trade is diverted over the South Manchuria system to Dalny. In order to cope with this natural difficulty the Chinese authorities have decided to establish an ice free harbour at Hulutao, a promontory running out into the Gulf of Liaotung, and situated somewhat to the west of Niu-chwang, near Chinchow, the point of junction of the proposed Chinchow-Aigun Railway with the existing Peking-Mukden line of the Imperial Railways of North China. It is stated that the Government is prepared to spend £1,250,000 in carrying out the scheme. According to a Customs report for the year 1910, the Hulutao promontory, consisting of a series of small hills (the highest about 600 feet) running east and west, projects into the sea for a distance of 6 *li* (2 miles). The proposed harbour will be on the south side of the promontory, which affords complete protection from all north gales, while a breakwater is to be erected to protect the anchorage on the south. There will at first be constructed a breakwater of 5400 feet in length, with a possible extension later on of another 6000 feet. In the beginning there will be wharf accommodation for 10 to 12 big ocean steamers, and the

depth of water inside the harbour will vary from 18 to 30 feet at low tides. There will be absolutely no danger from sandbanks or bars for vessels entering the harbour. Every effort will be made to create a "model" port, with all latest methods for the loading and discharge of vessels, and suitable godowns will be erected close at hand for the storage of cargo. The Government has already taken the wise precaution of buying up all the land in the immediate vicinity, the idea being to create not only a model port but also a model town. Hulutao is distant 7½ miles from the Peking-Mukden Railway line, and at present 1500 coolies are at work constructing a branch line to the proposed harbour.

**Antung.**—At Antung, the eastern gateway of Southern Manchuria, conditions are also such as inevitably to place Japan in a position of superiority. According to a report tendered to Washington by the United States Consul, the sphere of trade of which Antung is the centre extends northward to the head-waters of the Sungari, westward to Hailungcheng, and southward to Tatungkou, and includes the towns along the Korean side of the Yalu basin. "The situation, 30 or 40 miles from the mouth of the Yalu," he continues, "is favourable for shipping. Vessels drawing as much as 10 feet are able to reach it, while the largest steamers may anchor off Tasarugi Island 25 miles below the town, between which points goods are transported by lighter. A little dredging in the neighbourhood of Antung should enable steamers now compelled to anchor amidstream to lie up against the bank and load and unload their cargoes directly. Steamships now run regularly to Chefoo, Tientsin, Dalny, Chemulpo, Fusan, Moji, and Kobe. Junks and other small craft ascend the river for a distance of 200 miles, supplying the bordering region. The Yalu, however, has the serious disadvantage of being closed to navigation during the four months of winter. There are railway connections with Seoul, Chemulpo, Fusan, and Mukden. The Korean Railway, which extends for a part or the whole of the distance to the same points which may be reached by water from Antung, is unable to compete with steamer transportation. . . . The extension of the terminus of the

Korean Railway from New Wiju (Korea) to Antung may possibly, if aided by some reduction in freight rates, render the railway freight traffic profitable, and should, in any case, considerably increase the small share of Antung trade now enjoyed by the Korean line during the four winter months when the river is closed to navigation. . . . The passenger traffic over the Korean line to and from Antung is always considerable, but alone is not sufficient to make the enterprise reasonably remunerative. The construction of a railway between New Wiju and Yongampo, a town near the anchorage of the larger vessels trading with Antung, has been discussed. In this event the bulk of the goods now transported to and from Antung by lighter would probably be carried by rail, which should be as cheap and more prompt and satisfactory. The bridge across the Yalu between New Wiju and Antung, which is expected to be completed within another two years, will be built off the Japanese concession at the latter place. If it is to be a closed bridge, as is said, it will prove a serious drawback to native and foreign trade at Antung, inasmuch as it would prevent steamers from anchoring off the Chinese town and proposed foreign concession. It is to be hoped that the authorities will either construct a drawbridge or select another site.[1] The three leading exports of Antung, in the order of their importance, are timber, silk, and beans. The imports consist of cotton goods, petroleum, flour, sugar, cigarettes, and miscellaneous articles. The value of the annual trade of Antung is estimated at about $8,000,000, the exports and imports being about equal. The permanent population of Antung comprises between 15,000 and 20,000 Chinese, 6000 Japanese, 20 Europeans and Americans, and a number of Koreans. There are 110 Chinese, 15 Japanese, and three occidental business firms or agencies of importance." The Japanese are in possession of an extensive settlement, the electric light works of which supply not only local needs but also those of the Chinese city. The native authorities have set aside a strip of territory, with a river frontage of 600 yards, as an international settlement, and several thousand

[1] Since the above report was compiled the decision has been arrived at to construct a drawbridge between the two central piers.

pounds have been expended in laying out streets. It is extremely doubtful, however, whether foreign enterprise will ever find itself able to compete seriously with Japanese activity, aided as it is by all the conditions, artificial and otherwise, that tend towards real prosperity. The advantage of being first on the scene belonged to the Japanese. They secured for themselves the best site for a settlement, and, undisturbed by foreign rivals, were able to make careful investigation into the resources and commercial possibilities of the whole of the region of South-Eastern Manchuria. Their control of railway communication running both northwards and southwards, and the terms of the agreements which they have exacted from China making the Yalu forestry and the mining along the Antung-Mukden line joint undertakings, to say nothing of the proximity of Korea, which gives them obvious advantages, cannot fail to have the ultimate effect of concentrating the trade and shipping of the Yalu region exclusively in their hands.

# LXVI

## THE POLICY OF RUSSIA BEFORE THE WAR

It may be said that the designs of Russia in regard to Manchuria first began to take serious shape in 1854, when the celebrated Count Muravieff seized the Amur River. Although this measure of aggression had long been in the minds of Russian statesmen, it was precipitated by reason of the blockade of the Black Sea during the Crimean War. The severance of communication by sea compelled Russia to secure control over the river as a means of conveying supplies to her distant possessions in the East. In the course of negotiations that followed at Peking, she made frank revelation of her designs by offering, in return for the cession of the whole of Manchuria, to assist China in the suppression of the Taiping rebellion, which at that time threatened the safety of the dynasty. Needless to say, these overtures were refused, and after some delay the boundaries between the two Empires were finally settled. The project of Li Hung Chang in 1890 to build a railway from the west to the east of Southern Manchuria, and the extension of the already existing system in North China to Shanhaikwan, aroused the active interest of Russia. Immediately a start was made with the construction of the Siberian Railway. The visit of Li Hung Chang to St. Petersburg in 1895, and his singular conversion to Russian interests, paved the way for the striking events that were to follow in Manchuria. It was generally believed that before leaving home the great statesman had arranged the terms of a convention with Count Cassini, the Russian Minister at Peking, in accordance with which China undertook to grant to Russia railway and other concessions in Manchuria in return for a promise that the latter would actively assist her Eastern neighbour in the event of foreign aggression. At the time a text, alleged to be that of the

agreement, was published in the *North China Daily News*, but an official denial that an understanding of any kind had been arrived at between the two countries was instantly forthcoming. Only recently the incident was recalled in a highly important article written with every appearance of authority in *The Daily Telegraph* by one who described himself as "An Admirer of Li Hung Chang." It is my intention to quote at length from this contribution, because I believe it placed before the world for the first time the true sequence of negotiations and of events that have since, and with but few breaks, caused the war clouds to hang low over the Far Eastern horizon. "Let us glance," observed the writer, "at the concession itself and its *raison d'être*. It came of Russia's desire to build a section of her Trans-Siberian Railway across Manchuria to Vladivostock, for her own convenience. For, by taking this straight route, she economised 342 miles, and kept clear of engineering obstacles of magnitude. To this peaceful invasion of her territory China had, of course, to be persuaded to assent. And that meant that Li Hung Chang must first be won over, and then, through him, his Imperial mistress. It was a delicate task in appearance, but the Russian Government spread the net seductively, and captured its prey without toil. Wily M. Witte was then Minister of Finances and of most other State departments, it is said; and it was he who limed the bush on which the wary Li Hung Chang was caught. The tale of how the trick was done has never been told. If it were set forth with frankness, it would wreck the credit even of the most respected historian, so far from verisimilitude are its incidents. The Tsar's Minister put a political face on the transaction. Russia, he explained, had based her Far Eastern policy on the integrity of China. That was to be the fixed point among ideas and aims that were ever changing, and fixed it must remain, at all costs. That was Russia's thought and feeling. Japan, on the contrary, he asserted, was nursing designs of territorial expansion at China's expense. And her recent campaign and easy victories were the first clear outcome of this long latent tendency. Happily, Russia had come to China's rescue, had torn up the Treaty of Shimonoseki, which made over Southern

Manchuria to Japan, and had delivered China from the presence of her enemies. Was not this the action of a staunch friend? In the future, as in the past, the Finance Minister continued, Russia yearned for opportunities of displaying her friendship for China. In this she was moved as much by enlightened egotism as by sympathy, the vital interests of the two countries being virtually identical. Japan's aims, on the contrary, are selfish and destructive. She hungers for Chinese territory and thirsts for Russian seas. She is a marplot, whose activity must be curbed by the self-protecting quality of the Russo-Chinese friendship. When, therefore, Japan next invades China—as she is certain to do—Russia's help will be at the disposal of her beloved neighbour. Her troops, her heavy guns. . . . But how are they to be moved up to the theatre of war? There are no roads, no waterways, no means whatever of communication. These adverse conditions told heavily against the Russian ally last time, for the small contingent that was then despatched to the Amur district did not reach Kirin until its presence was an anachronism—mustard after supper. Active friendship between the two empires obviously implies rapidity of communications for Russia's troops, and that in turn means a railway through Chinese territory. No railway, no alliance, is the formula in its simplest expression. It ultimately appealed to Li Hung Chang, who asked whether a real alliance was forthcoming. The Russian Government gave an affirmative answer, and clinched the matter. The defensive alliance then was the peg on which China's statesman hung the concession. That is the heart of the subject. 'We will give you the use of our territory to build the railway on, and we will also confer special rights of management on the railway company, but only as integral parts of a comprehensive treaty of defence. The railway concession shall be the corollary of the defensive alliance, and we shall mete it out ungrudgingly. We allow you the use of our land, you guarantee us the integrity of our empire.' That was the compact, and in that compact is included China's motive for the concession. Li Hung Chang, in his communications to the Chinese Government, laid all the stress upon this guarantee, stating that it was of inestimable worth

to China, against whom England and Japan were hatching plots. He treated it as the price to be paid for the railway charter, and all the other grants that were superadded to the charter. If that price were withheld, or not paid in full, the Russian claim to the concessions would, of course, fall to the ground. This proposition is self-evident. What remains to be shown is the fact that, the mutual compact resting on those two stipulations, Russia failed to perform her part of the contract. I had friendly intercourse with Li Hung Chang at most critical times of his life. I know the phases through which he passed when he was dealing with the Russian Government, and disputing every rood of ground with M. Witte. When the need of a railway was proven, China's plenipotentiary undertook to construct it with Chinese money. But the Russian statesman demurred to this offer on the ground that the value of the line depended on its being ready shortly, and therefore begun at once, whereas China would take ten or twelve years over it. He pressed the charge home by threatening that the proposal would be withdrawn unless it were adopted as it stood. This was an ultimatum. Before he caved in, Li Hung Chang was received in audience by the Tsar, and here is part of the conversation which, according to his own ciphered telegram to the Tsung-li-yamen (Foreign Office), he had with the Emperor. 'Russia,' said his Majesty, 'possesses enormous stretches of land, which are settled very sparsely. She will not therefore encroach upon one foot of soil owned by others. And as for China, bonds of intimacy link her with that country. She has no motive for wishing to connect the railway in Manchuria, except the prompt conveyance of troops. And that again is wanted only in order effectually to come to China's aid if at any time she should be in straits. So that the line would not be solely for Russia's behoof. The building of the railway is beyond China's financial capacity. But if she granted the concession to the Russo-Chinese Bank at Shanghai she could, by means of fitting stipulations, secure for herself the right of control, and no difficulties would arise. Transactions of this kind are in vogue in every country.' 'On those grounds (said the Chinese statesman) 'the Tsar solicited me to turn the offer over in my

mind, and to close with it definitively. He urged that China did not know how soon trouble would be stirred up for her . . . but she could at least make it possible for Russia to come to her rescue. In the discharge of my duty, I note these words for the guidance of the Crown.' Thus Li Hung Chang. In another despatch the Chinese representative, reporting a talk he had had with the Russian Ministers of Foreign Affairs and Finances, telegraphed: 'The fundamental point was that railway connection should be effected through Manchuria, and, the Convention once ratified, a secret treaty might then be concluded.' Li Hung Chang seized the idea of the secret treaty with alacrity, but put off the railway convention as long as possible, suggesting that a Russian official be sent to China to discuss it. The end of the course of suasion and menace, gracious audiences, and Lucullan banquets to which Li Hung Chang was subjected in St. Petersburg and Moscow was the secret treaty, consisting of six clauses, which are word for word as follows:—

[Here is inserted the French text, of which the following is a translation:—]

"Article I.—Every aggression directed by Japan, whether against Russian territory in Eastern Asia, or against the territory of China or that of Korea, shall be regarded as necessarily bringing about the immediate application of the present treaty.

"In this case the two High Contracting Parties engage to support each other reciprocally by all the land and sea forces of which they can dispose at that moment, and to assist each other as much as possible for the victualling of their respective forces.

"Article II.—As soon as the two High Contracting Parties shall be engaged in common action no treaty of peace with the adverse party can be concluded by one of them without the assent of the other.

"Article III.—During the military operations all the ports of China shall, in case of necessity, be open to Russian warships, which shall find there on the part of the Chinese authorities all the assistance of which they may stand in need.

"Article IV.—In order to facilitate the access of the Russian

land troops to the menaced points, and to ensure their means of subsistence, the Chinese Government consents to the construction of a railway line across the Chinese provinces of the Amour and of Guirin (Kirin) in the direction of Vladivostock. The junction of this railway with the Russian railway shall not serve as a pretext for any encroachment on Chinese territory nor for any infringement of the rights of sovereignty of his Majesty the Emperor of China. The construction and exploitation of this railway shall be accorded to the Russo-Chinese Bank, and the clauses of the contract which shall be concluded for this purpose shall be duly discussed between the Chinese Minister in St. Petersburg and the Russo-Chinese Bank.

"Article V.—It is understood that in time of war, as indicated in Article I., Russia shall have the free use of the railway mentioned in Article IV. for the transport and provisioning of her troops. In time of peace Russia shall have the same right for the transit of her troops and stores, with stoppages, which shall not be justified by any other motive than the needs of the transport service.

"Article VI.—The present treaty shall come into force on the day when the contract stipulated in Article IV. shall have been confirmed by his Majesty the Emperor of China. It shall have from then force and value for a period of fifteen years. Six months before the expiration of this term the two High Contracting Parties shall deliberate concerning the prolongation of this treaty."

This defensive alliance between Russia and China has expired. It must be confessed that in the light of subsequent events the conclusion of the agreement was in the nature of a diplomatic farce. Russia was bent upon aggression in Manchuria, and the promise of military assistance in certain eventualities was merely tendered as a means of protecting Chinese *amour propre*. That the compact was transparently illogical in its aim was evidenced from the fact that it made two definite provisions, the one opposed to the other. In the first place it gave to Russia the right of building a railway under conditions that were in themselves a flagrant breach of the integrity of China; while in the second place it constituted Russia the

champion of China as against foreign aggression. The scant importance attached by Russia to its fulfilment was made manifest in the course of subsequent events, and conspicuously so in the leasing of the Kwantung Peninsula, a territorial encroachment involving a virtual usurpation of Chinese sovereignty.

# LXVII

## THE POLICY OF RUSSIA AFTER THE WAR

As soon as peace was concluded with Japan, Russia lost no time in strengthening her position in the Far East. So elaborate, indeed, was the programme of her projected undertakings, that it became evident that she aimed at something more than the restoration of her lost fortunes. The haste with which the Amur Railway Bill was passed through the Duma, the prompt measures that were taken to convert Vladivostock into a first-class fortress and naval station, and the fortification of various strategical centres in the region of Eastern Siberia, were clear indications that Russia's reverse had not led to the abandonment of her traditional policy. No secret was made of the fact that the relations existing between Russian and Japanese officials in Manchuria were so strained as to render the course of negotiations on outstanding questions extremely difficult. Japanese pirates, under the guise of fishermen, raided Russian waters, and more than one conflict between these marauders and gunboats, or patrols, were made the subject of diplomatic representation. The progress of negotiations for the conclusion of a commercial treaty—a necessary corollary to the restoration of friendly relations between the two countries—gave rise to many disturbing rumours. In some quarters it was stated that Japan had demanded the opening of both the Amur and Sungari Rivers to international trade. It was, however, generally recognised that as far as the Amur was concerned, no such claim could possibly be upheld. Extending for a considerable distance, the territories on both banks belonged to Russia, and therefore her liberty to close this part of the river to foreign navigation was beyond dispute. In regard to the higher reaches of the river, where there is Chinese territory on the right bank and

Russian territory on the left bank, the competency of Russia and China to agree to the exclusion of the shipping of other nations was admitted. All doubts as to an international difficulty arising over the question were set at rest by Japan's denial of the statement that she had put forward a claim for the opening of the river. This denial, however, was accompanied by an admission that she sought the opening of the Sungari River. It was urged on her behalf that as this latter river ran exclusively through Chinese territory, the monopoly of its navigation by Russia and China was, in the first place, contrary to Article III. of the Portsmouth Treaty, in which Russia declared that in Manchuria she had no preferential or exclusive concessions inconsistent with the principle of equal opportunity; and, in the second place, that it constituted a direct violation of the most favoured nation clause. Russia pointed out, however, that in the Aigun Treaty China agreed that the navigation of the Sungari River should be restricted to the subjects of the two contracting parties. To this contention Japan replied that the treaty in question was concluded fifty years ago, at a time when Russia alone had any material interest in Manchuria, and when China's relations with other foreign States were so much in their infancy that the most favoured nation clause, having no *raison d'être*, had not as yet been introduced. The importance of the question at issue was largely exaggerated. As the Sungari was a tributary of the Amur, access to the sea could only be obtained by means of the latter river, the exclusive right of navigation on which was not denied Russia and China. There could be no doubt, however, that the prohibition of all foreigners, save Russians, to the privilege of access along the whole course of the Sungari River—whatever this might be worth—was opposed to the conventional right of navigating all inland waters granted by China without discrimination to foreign Powers, a right that was strictly in keeping with the principle of equal opportunity.

Eventually China herself entered the controversy, and in 1909 issued independent regulations for the control of navigation on the Sungari, and established Customs' Houses. Russia vigorously protested, and prolonged negotiations

followed. She claimed that, according to Article 18 of the Treaty of St. Petersburg, concluded in 1881, the Chinese Government undertook to come to an agreement with the Russian Government concerning the manner of carrying out the provisions of such treaty and also of the Treaty of Aigun. In support of their arguments, however, the Chinese cited, as the Japanese had done, Article 3 of the more recent Portsmouth Treaty between Russia and Japan. They asserted that the Sungari should not be regarded as an inland avenue for trade but as a river navigable from the open sea, and therefore subject to the navigation regulations applicable in such cases. As the date was approaching for a revision of the St. Petersburg Treaty, to which allusion has been made, Russia saw in the attitude of China a desire to create a precedent which would justify at a later date some modification of the privileges granted to Russia in connection with her trade by land route into China. Ultimately an agreement was signed on August 9, 1910, in which China confirmed the privileges granted to Russia in the Aigun Treaty. Vessels on the Sungari were freed from tonnage dues, while the goods from the whole of each country imported into the other's 50-verst frontier zone were exempted from the payment of duty. It is understood that Japan does not recognise the Russian and Chinese claim to the exclusive privilege of navigating the Sungari River.

In the meantime the settlement of other outstanding questions, chiefly relating to railway organisation, gradually led to an improvement in the relations between Japan and Russia in Manchuria, while the latter sought to conciliate China by making generous concessions in regard to matters concerning mines and telegraphs. Gradually, however, the real purpose of Russia's policy in Manchuria was revealing itself. When I passed through Harbin in February of 1907, I found that, although the town had been formally opened to international trade, only one foreign Consul, Mr. Fred. D. Fisher, representing the United States, was in residence. I purposely except the Russian Consul, because, as will be conclusively shown in the course of the present chapter, the peculiar character of the Administration, which rendered the town Russian in all but name, would appear to have

made the presence of such an official altogether superfluous. Mr. Fisher, acting doubtless under instructions from the State Department at Washington, declined to apply to the Russian officials in Manchuria for permission to exercise his consular functions; and to all representations on the subject gave the invariable answer that he was accredited solely to the Chinese Government. General Horvat, the manager of the Chinese Eastern Railway, with whom I had a conversation, frankly declared that as Harbin was built upon land which came within the "railway zone," Russia claimed the right to control the administration of the city He added that a concession would be made to foreign residents, inasmuch as they would be eligible for election to a Municipal Council. When it was pointed out that this privilege would be worthless because of the overwhelming predominance of Russian voters, he smilingly suggested that perhaps foreign candidates would cultivate sufficient popularity to secure election. All hope that the municipal government of the city would be thoroughly representative in character was dispelled by the final statement of the General, that any decision arrived at by the Council would be referred for confirmation or rejection to himself as manager of the railway, and, in certain instances, to the Minister of Finance in St. Petersburg. That Russia was engaged in a real attempt to enforce her authority, was evident from a trifling incident which came directly under my notice. Soon after I arrived at the hotel, a soldier made a request to see my passport. I refused compliance, on the ground that Harbin was under the jurisdiction of the Chinese, and after politely persisting for a little while, the soldier smilingly withdrew.

There is reason to believe that Mr. Fisher, on behalf of the United States Government, entered vigorous protests against Russian pretensions; and it is no exaggeration to say that had it not been for the unfailing tact and resource displayed by that official in circumstances of extreme delicacy, a situation calling for strong diplomatic intervention might have arisen at any moment. The relations of Japan with her northern neighbour were not then so cordial as they are at present, and the Japanese press, seeing in the action of Russia a breach of the stipulations of the Ports-

mouth Treaty, called upon the Government to enter a strong protest at St. Petersburg. The statesmen responsible for the conduct of foreign affairs, however, were more far-seeing than to shape their policy in accordance with newspaper opinion. They realised that in a large measure the aims of Russia in Northern Manchuria were identical with those of Japan in the southern region, and that her actions would constitute at one and the same time an example and a precedent. Russia soon made it known that her claim to the control of administrative functions was not restricted to Harbin, and that it extended to Tsitsihar, Bukheda, Khailar, and, in short, to all towns, settlements, and territories embraced within the area of land owned by the railway company. She sought to justify her policy by citing Article VI. of the French text of the Railway Contract concluded between China and Russia on the 8th of September 1896, which reads—"*La société aura le droit absolu et exclusif de l'administration de ces terrains.*" In pursuance of this clause, it was announced that "Foreigners, as well as Russian and Chinese subjects, who may acquire the rights to reside, hold property, and carry on business within the precincts of the territory of the railway, must sign an agreement, attested by their consuls, that they will (*a*) obey all police, building, sanitary, and trade regulations in force, or subsequently to be promulgated; (*b*) pay all taxes and dues imposed at the will of the administration or municipality; (*c*) forfeit or abandon all right to have recourse, legal or national, to any redress or compensation in the event of the administration decreeing the forfeiture of their leases, the suspension or closure of their businesses, and the demolition, at their expense, of any building erected by them, for non-compliance by lessees or tenants with any railway regulation. Moreover, it was provided that the relations of the municipality with the Chinese Government and with foreign consuls should be subject to the supervision of the manager of the railway company—a supervision carrying with it the power of veto. On February 10, 1908, this official issued an ordinance to the effect that persons provoking an inimical attitude towards the Russian troops or the railway officials were liable to fines and

imprisonment. Whatever authority for her actions Russia may have found in the French text, a reference to the Chinese text fails to establish. There is no consistency between the two versions. For instance, whereas Article VI. of the French text undoubtedly confers administrative rights upon the railway company, the same article in the Chinese text definitively restricts the operation of these rights. In this connection it states specifically that "As soon as the land comes under the management of the Company they may erect thereon any buildings, and carry on all kinds of work, and they may establish a telegraph line thereon, worked by the Company for the Company's use. With the exception of mines, for which special arrangements must be made, all receipts of the Company for transport of passengers and freight, telegrams, &c., will be exempt from all taxation."

The discrepancy between the French and Chinese texts in their relation to Article VI. provides in itself sufficient warrant for challenging the Russian attitude. Apart from this circumstance, however, reference to the Agreement as a whole discloses provisions obviously inserted with the object of protecting the sovereignty of China. For instance, Article I. stipulates that "The Director of the Company will be appointed by China. His remuneration will be provided for by the Company. He may live in Peking. His duty will be to supervise the task delegated to the Company by China and to ascertain whether its obligations are faithfully performed. All business between the Company and the Chinese Government or any Chinese officials either in Peking or the Provinces will also be managed by the Director. The Director will also investigate from time to time the accounts of the Company with the Chinese Government. An agent must be stationed in Peking for convenience of consultation." Article V. was to the effect that "The Chinese Government will take measures for the protection of the line and of the men employed thereon. The staff, Chinese and foreign, necessary for the line will be engaged as required by the Company. All crimes and lawsuits arising on the land of the Company will be dealt with by local

officials in accordance with treaty." Were further evidence needed of the determination of China to preserve her integrity, as far as this object could be achieved on paper, it is to be found in the treaty with Russia in regard to the leasing of the Kwantung Peninsula. Article VIII. of this agreement, while giving sanction to the construction of a branch line of the Chinese Eastern Railway from Harbin to Ta-lien-wan and Port Arthur, expressly stipulated that: "The construction of this line shall never, however, be made a ground for encroaching on the sovereignty or integrity of China." Apart from the provisions of the railway agreements, the Washington Government protested against the action of Russia on the following grounds: (1) That it was opposed to the various agreements concluded among the nations with the object of preserving the sovereignty of China; (2) That it violated Article III. of the Portsmouth Treaty, in the second clause of which Russia and Japan agree "to restore entirely and completely to the exclusive administration of China all portions of Manchuria now in the occupation or under the control of the Japanese or Russian troops. . . . The Imperial Government of Russia declare that they have not in Manchuria any territorial advantages or preferential or exclusive concessions in impairment of Chinese sovereignty or inconsistent with the principle of equal opportunity."

Russia ignored her treaty obligations and adhered to an arbitrary interpretation of Article VI. of the French text of the Railway Agreement, which, on the surface, conceded to the company the right of administration over the "railway zones." That other stipulations contained in the agreement restricted the powers of the company gave her no concern. The whole situation was, perhaps, best summed up by a Russian official of prominence who observed to the writer: "We have spent millions of money in the Far East. We have constructed a great railway from the western to the eastern hemisphere. We have built noble cities on the plains of Manchuria. And, finally, at an enormous cost of blood and treasure we have fought a great war. Surely we are entitled to some reward. And

this reward we mean to take. We are here in Northern Manchuria to stay, and stay we will." The Japanese spoke in very much the same strain. "We staked our existence," they said, "in one of the greatest wars of modern times. We lost heavily both in men and money. Surely you would not deny us just compensation?" Any expression of concern in regard to the safety of China's integrity and the maintenance of the principle of equal opportunity met with the reply that, apart from the exclusive rights attaching to the railway, neither Japan nor Russia laid claim to special privileges. But in Manchuria the railway, with its extended territories, powers, and operations, stands for everything that is worth possessing. Japan and Russia, as it were, divided the gold between themselves, leaving the rest of the Powers, on the hallowed principle of equal opportunity, to scramble for the sand. There is reason to believe that as early as 1909 a definite understanding existed between the two countries, for about this time the semi-official press in Tōkyō announced that, "as a result of an exchange of views, Japan recognised that by virtue of Article VI. of the agreement relating to the Chinese Eastern Railway, Russia possessed administrative rights over the Japanese in the land attached to the railway, and at the same time Russia has approved of Japanese administrative rights over the Russians in the land annexed to the South Manchuria Railway." On the ground that by Article VI. of the Portsmouth Treaty she acquired the railway southwards from Changchun, "together with all rights, privileges, and properties appertaining thereto," Japan urged that she was entitled to exercise in the south privileges similar to those enjoyed by Russia in the north.

It was not without significance that the Russian Consul at Harbin was opposed to the position taken by the railway authorities. On his retirement, General Horvat, the manager of the railway company, became Acting Consul. This official, in his dual capacity, was, to all practical intents and purposes, supreme as far as Russian interests in Manchuria were concerned. He promptly enforced measures with the object of asserting the Russian claim to municipal control over the "railway zones." The Chinese and other nationalities refused to pay taxes on the ground that any attempt at collection

by the Russian authorities was illegal. Thereupon, a large number of Chinese shops at various places along the line were forcibly closed, and for a time the business of the natives was reduced to a state of stagnation. Precisely at this moment Japan frankly displayed her hand, and her Consul-General at Harbin gave his support to the policy of the railway company. Diplomatic negotiations followed, and ultimately, on May 10, 1909, the following agreement between the Chinese Government and the Chinese Eastern Railway was signed at Peking:—

Differences of opinion having occurred in the interpretation of the agreement for the construction and working of the Chinese Eastern Railway, dated August 27, 1896 (Kuang Hsu, 22nd year, 8th Moon, 2nd day), the Governments of Russia and China have decided upon the following general arrangements, having reference to the organisation of municipalities on the lands of the said railway.

Article I.—As a matter of fundamental principle, the sovereign rights of China are recognised on the lands of the railway company; they shall not be prejudiced in any way.

Article II.—China will take all measures resulting from her sovereign rights over the railway lands, and neither the railway administration nor the municipalities shall upon any pretext whatsoever oppose these measures, so long as they are not contrary to the agreements concluded with the railway company.

Article III.—The existing agreements of the railway company remain in full force.

Article IV.—All laws, ordinances, and legislative measures resulting from the sovereign rights of China shall be compiled and published by the Chinese authorities in the form of proclamations.

Article V.—High Chinese officials and official agents visiting the properties of the railway shall be received by the railway administration and by the municipalities with all proper deference and ceremony.

THE MUNICIPALITIES.

Article VI.—Municipal bodies are to be established in the commercial centres of a certain importance situated on the lands of the railway. The inhabitants of these commercial centres, according to the importance of the localities and the number of the residents, shall elect delegates by vote, who shall choose an executive committee; or else the residents themselves shall take part in the business of the municipality, and a representative shall be elected from amongst them who will take upon himself to carry out the resolutions decided upon by meeting of all the residents.

Article VII.—No difference shall be made on the lands of the railway between the Chinese population and that of other nationalities; all residents shall enjoy the same rights and be subject to the same obligations.

Article VIII.—The right to vote shall belong to every member of the community who owns real estate of a fixed value or who pays a fixed annual rental and taxes.

Article IX.—The president shall be elected by the assembly of delegates, and chosen from amongst them without distinction of nationality.

Article X.—The assembly of delegates shall have power to deal with all local questions of public utility. Institutions which interest only a section of the residents, such as churches, chambers of commerce, schools, and charitable organisations, shall be maintained by the section of residents concerned by means of private subscriptions.

Article XI.—The assembly of delegates shall select amongst its members, and without reference to nationality, the individuals to be entrusted with the management of municipal affairs; their number shall not exceed three. In addition the president of the Chiao-She-Chu [1] and the director of the railway shall each nominate one delegate.

These delegates, and the members above mentioned, including the president, shall form the executive committee.

Article XII.—The president of the assembly of delegates shall also be president of the executive committee.

[1] *Vide* note on p. 1310.

### Position of the Company.

Article XIII.—The President of the Chiao-She-Chu and the director of the railway, occupying a position superior to the presidents of the assemblies of delegates and of committees, have a right of control and personal revision, which they may exercise whenever they think fit. The delegates mentioned in Article XI. shall submit to them reports on current affairs. In addition, all decisions arrived at by the assemblies of delegates shall be submitted for the joint approval of the president of the Chiao-She-Chu and the director of the railway. Thereafter these decisions shall be published in the form of a notification, in the name of the executive committee, and shall become binding upon all the residents, irrespective of nationality.

Article XIV.—In the event of decisions by the assembly of delegates not being approved by the president of the Chiao-She-Chu or the director of the railway, these decisions shall be returned to the assembly for further consideration. If the original decision is adopted by a majority of three-quarters of the members present, it becomes binding.

Article XV.—Important questions, having reference to the public interest or the finances of the municipalities, in the commercial centres of the railway lands, shall, after discussion by the assemblies of delegates, be referred for the consideration and approval of the president of the company (a high Chinese official, in accordance with Article I. of the agreement of 1896), conjointly with the head office of the administration of the Chinese Eastern Railway Company.

Article XVI.—The Chinese Eastern Railway Company shall itself administer properties specially set apart for the service of the railway, such as stations, workshops, &c. All other unleased lands of the railway company, as well as buildings reserved for the exclusive use of the company, shall, if these lands and buildings have not been handed over to the municipalities by mutual arrangement, be temporarily subject, as before, to the management of the railway company. Properties under this heading shall be provisionally exempt from land tax, &c.

Article XVII.—The general arrangement above mentioned shall serve as a basis for determining detailed regulations in regard to the municipalities and police; the scale of taxation will also be determined. It is agreed that the discussion of these regulations shall commence within a period of not more than one month, reckoning from the date of signature of the present agreement.

PROVISIONAL PROCEDURE.

Article XVIII.—Until these definite regulations have been decided upon and have come into force, in regard to the municipal organisation, the municipalities will provisionally conform to the existing methods of procedure, applying thereto Article XIII. of the present arrangement, which refers to the right of control of the president of the Chiao-She-Chu and the director of the railway in regard to municipal matters. If the president of the Chiao-She-Chu or the director of the railway should not approve of the decisions of the assemblies of delegates, and if no agreement can be arrived at as the result of discussions between these officials, then two special delegates shall be separately chosen by the Chinese and foreign residents respectively. The president of the Chiao-She-Chu and the director of the railway shall select, conjointly with these two delegates, a fifth person, either Chinese or foreign, well esteemed of the general public, to discuss the difficulty and settle it on a basis of common agreement. The Chinese Chamber of Commerce at Harbin is authorised to nominate three members, who shall be admitted to the executive committee of that town and participate in its affairs, upon the same footing as the other members of the said committee. The chambers of commerce of the communities of the towns of Manchuria and Hailar will each select two delegates as members of the executive committees of these towns. In other commercial centres where only general assemblies exist, the Chinese and the Russian population shall take part, on a footing of equality, in the management of municipal affairs. The elections of assemblies and committees shall take place in accordance with the new detailed regulations as soon as these shall have been fixed.

The text of the present instrument has been drawn up in Chinese, Russian, and French, four copies in each language, all of which have been duly signed and sealed with the respective seals of the parties concerned. In case of doubt the French text shall rule.

Done at Peking the 27th April 1909 (O.S. = May 10, N.S.), first year of H.M. Hsuan Tung, 3rd Moon, 21st day.

(Signed) J. KOROSTOVETZ (Seal).
D. HORVAT (Seal).
LIANG TUN YEN (Seal).
SHIH CHAO-TSI.
YU SZU-HSIANG.

[NOTE.—The Chiao-She-Chu referred to in this agreement is a local institution consisting of a Chinese president (usually the Taotai), Chinese delegates, and a representative of the railway company. It is a sort of mixed court for the hearing of cases in which the railway company proceeds against Chinese.]

It will be recalled that Russia originally sought to justify her policy by citing Article VI. of the French text of the Railway Contract concluded with China on September 8, 1896, which read — "*La société aura le droit absolu et exclusif de l'administration de ces terrains.*" Claiming that in the south they had inherited Russian rights and privileges, the Japanese thereupon quoted the same article in support of their contention that they were entitled to exercise full control over railway lands and settlements. A study of the agreement between the Chinese Government and the Chinese Eastern Railway Company, the text of which is given above, shows that Russia has modified her attitude to a considerable extent. The sovereign rights of China are fully recognised, and an arrangement has been made for Chinese and Russian co-operation in municipal control. Representatives of the Chinese Chamber of Commerce have been admitted to the city councils, Chinese guards are posted at the Custom Houses and at other official buildings, and the Chinese police, by notifying the Russian police, may effect an arrest of offenders within the railway zone. At first the United States vigorously protested against the terms of the agree-

ment, but recently, owing largely to the advice of Mr. Rockhill, the American Ambassador in St. Petersburg and an eminent authority on Far Eastern affairs, a striking change in policy was effected, and Washington signified its assent in principle. Japan also has approved of the Russian scheme, but it should be added that her motive in so doing is to establish a precedent to which she herself can refer should occasion arise in Southern Manchuria. Singularly enough, Great Britain, who has always been accused of pursuing a policy of acquiescence towards the claims of other Powers in the Far East, raised certain objections to the Russian Administration in Harbin; but these objections were presented in a friendly spirit and solely with a view to arriving at a settlement that would be acceptable to all parties. On the whole it must be confessed that the attitude of Russia in regard to the question of the Municipal Government of the towns adjacent to her railway system has been regarded with a good deal of unwarrantable suspicion. In any criticism of the position she holds to-day, it must not be forgotten that she was the pioneer in establishing what has proved to be an inestimable boon to the world at large—railway communication between East and West. Before her advent, the plains of Manchuria did not contain a single dwelling fit for European habitation, nor was there anywhere visible the least sign of industry on a serious scale. As a result of the expenditure of enormous sums of money and the creation of enterprise on a vast scale, the railway was carried to the southernmost limits of Manchuria, and on sites which hitherto had been barren land were raised towns which, alike in their design and construction, would not have been out of place in the heart of civilised Europe. Harbin, an important railway junction and situated amid the wheat plains of the Sungari, soon became the commercial metropolis. Here the Railway Administration spared neither pains nor money in their desire to found a city worthy of being the centre of Russian activity in the Three Eastern Provinces. Not unnaturally, they are still firm in their determination to retain proper control over an undertaking in which they have sunk so much of their capital. Diplomatic negotiations with St. Petersburg have revealed the fact

that the Russian Government is not only willing but anxious to allow foreigners resident in the city some voice in the Municipal Government. For example, it has been proposed that they should be allowed to have their representatives on the Council. When the reply was made that as the foreigners were in the minority their prospect of securing election would be remote, the Russian Government suggested as an alternative that they should appoint their own nominees from among themselves, but up to the present no solution agreeable to all parties has been found. Some dissatisfaction has been expressed over the question of taxation. In certain quarters it has been proposed that the money so raised should be paid through the medium of the Consuls. The insinuation appears to be that the Municipality wrongfully diverts sums of money to the Railway Administration; but the fact is overlooked that this latter authority maintains police forces and fire brigades, and that all expenditure under these heads are properly accounted for in statements to which the public have every access.

There is no doubt, however, that a satisfactory solution of all outstanding questions will soon be found. In the meantime the conciliatory attitude of Russia has created a very favourable impression throughout the Far East. Dr. Morrison has expressed the opinion that the agreement under discussion marks a very decided advance in the direction of an international understanding, if only because the sovereign policy of China is specifically recognised, and because the principle of equal opportunity is admitted in the constitution of the railway settlement municipalities. So far Japan has made no official announcement of her intention to change her policy so as to bring it into line with that of Russia. We are therefore forced to the conclusion that she still takes her stand upon Article VI. of the French text of the Railway Contract concluded between China and Russia on September 8, 1896, and claims exclusive control over all lands attached to the South Manchuria Railway. She argues that as so few foreigners have up to the present settled on these lands the question of municipal control does not seriously arise. Nevertheless it is difficult to see how in spite of this circumstance she can

escape the admission that a vital principle is involved. This principle is to be found in the promises she has given not in one but in many international covenants that in no circumstance will she deny equal opportunity for all nations, or, in other words, depart from the policy of the Open Door. As the development of Manchuria progresses, foreigners will doubtless reside in increasing numbers on the lands attached to the railway. It is the duty of the Powers to insist at this stage that the situation be clearly defined. If matters are allowed to drift Japan may claim that, by the lapse of time, what is at present merely a pretence has become an established right, in which event she will possess in the south privileges far more valuable than those held by Russia in the north.

Again, it may be asked, what in the future is to prevent the South Manchuria Railway Company adding to their already large territories and extending their jurisdiction by the purchase of vast tracts of land. Possessed of unlimited resources they would not have much difficulty in persuading the Chinese owners of the soil, who are invariably poor, to part with their property. By this simple means Japan might spread her colonies far and wide on either side of the railway. Already the railway company is in possession of the heart of Southern Manchuria. For the purposes of business, merchants and traders are compelled to reside and to conduct their operations in close proximity to the railway. That they should be harassed and hampered by foreign administration in a country where the nations have decreed the policy of the Open Door shall prevail, passes all reasonable comprehension. The argument that Japan expended enormous sums in fighting a war, and in building towns and improving communications, is altogether beside the question. We had no such tender regard for Russian investments when we gave our support to Japan, a support that was largely instrumental in bringing about hostilities in the Far East. Moreover, the money expended by Japan in Manchuria was laid out at her own risk; it merely represented speculation on a grand scale, and its application to uses that are inconsistent with the principles of equal opportunity partakes of the nature of a risk.

To those who had anticipated that the Anglo-Japanese Alliance and the Portsmouth Treaty would put an end to foreign aggression in Manchuria the existing situation cannot be otherwise than extremely disappointing. The latest agreement between China and Russia in regard to the administrative control of the railway lands is in the nature of a diplomatic compromise. A whole series of international treaties declare in explicit terms that on no account shall the sovereignty of China be impaired. Nevertheless, Russia has induced China to consent to a procedure which virtually amounts to mutual co-operation in the exercise of sovereign rights. The mere declaration at the beginning of the agreement that the sovereign rights of China are recognised, contradicted as it is by subsequent provisions, is not in itself sufficient protection. At the same time one cannot help feeling grateful for anything in the nature of a voluntary compromise from Russia. After all we should not be unmindful of the circumstance that whatever promises Russia may have given in the Portsmouth Treaty were wrung out of her at the end of a disastrous war, that she was the pioneer in railway development between East and West, and that in later years she has boldly and frankly expressed her determination not to abandon the position she has so dearly won in Manchuria. In other words, the attitude of Russia from the moment she entered Manchuria until the present day, though open to some criticism, has been on the whole consistent. British merchants resident in China, who in the days of her occupation of Port Arthur were bitterly anti-Russian in their views, now keenly regret that Japan was ever victorious in the war. To use a common expression, there was plenty of money about when Russia was in the ascendancy; but the Japanese, with their cheap labour and with the advantages resulting from geographical proximity, to say nothing of their unfair control of the railway, to all intents and purposes defy competition. In point of fact the endeavours of Russia to give practical effect to the policy of the Open Door have certainly been attended with far more satisfactory results than those of Japan.

For example, Russia does not discriminate against foreigners in the matter of railway rebates; and whereas her business men show a sincere desire to co-operate with English capitalists, the Japanese organise themselves into trusts with the sole idea of driving foreigners, without distinction as to nationality, effectually out of the field. Moreover, Russia in the North confines her enterprise to the legitimate conduct of the railway, and, unlike Japan in connection with the South Manchurian system, has not engaged in countless subsidiary enterprises of a nature calculated to stifle foreign competition.

Finally Russia does not attempt to justify her action by placing her own interpretation upon treaty obligation. Her policy throughout, though open to objection, has all along been frankly explained; and in arriving at a compromise with China she has not been slow to recognise that something was due to international interests. On the other hand, the Japanese have persisted in pious protestations that in no single instance could it be proved that they had broken faith with the Powers. So long as it suited their purpose they sheltered behind Russia; but now that the St. Petersburg Government has given China a share in the administration of railway zones, they show no disposition to mend their ways. In Northern Manchuria China and Russia are partners, whereas in Southern Manchuria Japan has virtually established a Protectorate.

# LXVIII

## THE NEW SITUATION

EARLY in January of 1910, the United States startled the diplomatic world by the boldness of her attempt to find a solution of the Manchurian problem. Her proposal was nothing less than that the whole railway system, both Russian and Japanese, should be neutralised. In identical Notes addressed to Japan and Russia, she suggested that these Powers should sell the railways to China, who was to be financed for the purpose by Great Britain, France, Germany, and the United States, Japan and Russia, of course, retaining an interest. It was pointed out that as the higher supervision of the railways would devolve largely upon the Powers who found the capital for the purchase, a guarantee was thus provided that the system would be worked on a purely business basis, and not used for political or strategical purposes. Moreover, it was urged that acceptance of the scheme would remove a constant source of friction between Russia, Japan, and other Powers, that it would safeguard the doctrine of equal opportunity, and, by closing the line to the transport of troops and munitions of war, would relieve Russia's anxiety respecting a possible Japanese attack on the heart of Siberia. The Notes further announced that an Anglo-American syndicate had secured from China a concession for constructing a railway from Chinchau *via* Tsitsihar to Aigun, and that the United States intended giving diplomatic support to the project. On the authority of a statement subsequently made by the American Ambassador at Tōkyō, it was understood that in the event of the neutralisation proposal being agreed upon, this concession would become the property of the Powers controlling the Manchurian railways. In an official pronouncement from Washington,

Mr. Knox, Secretary of State, elaborated the aims and objects of his Government. He observed that the proposal disclosed the end to which American policy in the Far East had recently been directed. America, he added, during the recent railway loan negotiations pointed out to the interested Powers that the greatest danger to the policy of the Open Door in China and the development of her foreign trade, arose from disagreements among the great Western nations, and expressed the opinion that nothing would afford so impressive an object-lesson to China and the world, as the spectacle of the four great capitalist nations—Great Britain, Germany, France, and the United States—standing together for equality of commercial opportunity. The American Government believed that one of the most effective steps to this end in order to secure for China the enjoyment of all political rights in Manchuria and to promote the normal development of the Eastern provinces, was to take the Manchurian railroads out of Eastern politics and to place them under an economic and impartial administration by vesting in China herself the ownership of the railways. Such a policy would require the co-operation, not only of China, but of Russia and Japan, both of whom it would enable to shift their onerous responsibilities in connection with those railways on to the shoulders of the combined Powers, including themselves, and would effect a complete commercial neutralisation of Manchuria.

Both in Japan and Russia there was a tendency to level criticism direct at Mr. Knox as the author of the scheme of neutralisation. The real significance of the proposal, however, was to be found in the fact that it revealed for the first time the policy of the United States in regard to Manchuria, while its ultimate effect, still more significant, was to compel Japan and Russia to lay their diplomatic cards on the table. The competency of the United States to suggest a solution of the problem cannot seriously be questioned. On the contrary, her efforts in this direction merit high praise and generous encouragement, for they are directed towards the restoration to reality of the principle of equal opportunity—a principle to which all the Powers interested, without a single exception, profess their rigid adherence. It is

altogether idle for either Japan or Russia to pretend that the extended powers and privileges exercised by them in Manchuria to-day are consistent with their solemn treaty obligations to maintain unimpaired the doctrine of the Open Door. That the United States, who, through the medium of the late Mr. John Hay, first gave expression to this doctrine, should be the first among the Powers to realise the danger arising from the existing situation, is not surprising. By reason of her Pacific coastline and of her occupation of the Philippine Islands, she is directly concerned in the problems that beset the Far East; and it is essential to her commercial welfare that there should be no departure from the spirit any more than from the letter of the various international agreements, guaranteeing the principle of equal opportunity. During the war the attitude of the United States towards Japan was one of warm friendliness. With ourselves she took a share in financing the Island Empire, and this support was accorded because she detested, no less than did we, the exclusive character of Russian methods, and detected in them a cynical disregard for the policy of her enunciation—the policy of the Open Door. The United States has not been long in realising that Russia, after the war, has to some extent perpetuated these methods in Northern Manchuria, while Japan has not only imitated but has actually elaborated them in the south.

Following the conclusion of peace there occurred a set of circumstances, the significance of which was not lost upon the serious student of international affairs. A visit of Mr. Taft to Japan was followed by a semi-official announcement that a verbal understanding had been concluded with the United States in regard to the preservation of the integrity of China and the maintenance of the Open Door. Gradually the real situation in Manchuria began to unfold itself, and at the same time immigration troubles arose in California. To those who were well informed, the despatch of the battleship fleet to the Pacific had no other object than the assertion of American rights as against Japanese pretensions. A formal agreement with Japan, guaranteeing in explicit terms the maintenance of the integrity of China and the policy of the Open Door, was the immediate result. Meanwhile there

were not wanting substantial indications that the United States was determined to work in every possible way for the rehabilitation of China. Mr. Taft, in a speech delivered at Shanghai, emphasised that the United States did not covet China's territory, nor grudge her prosperity, nor resent her independence and power. It was evident that the Washington Government was prepared to go beyond the lengths of mere declaration in proving friendship for China. The remission of the balance of the indemnity, due in connection with the Boxer troubles, materially strengthened the relations between the two countries. Eventually there was a press agitation, supported by public men of eminence both in the United States and China, for the conclusion of an alliance. Although the suggestion found no favour in official circles in Washington, there is no doubt that its discussion and the views evolved on both sides of the Pacific were in a large measure instrumental in still further cementing ties of amity. The strong and independent policy initiated by Mr. Roosevelt in dealing with Far Eastern affairs has been steadfastly pursued by Mr. Taft whose intimate knowledge of the problems of China, gained as a result of personal investigation on the spot, has proved invaluable to his country. This policy was clearly outlined by Mr. Crane on his appointment as Ambassador to China.

"With our Western country," he said, "filling up with a fine, strong body of men, with our extensive shore-line on the Pacific, and our powers of production calling for outside markets, we are singularly fortunate at this moment to have at the head of our Government one who understands so well the conditions existing around the Pacific, one who has so profound a sympathy for the people, struggling up towards the light, and one in whom these people has so much confidence. We believe that although China has great problems to solve, such as the administrative problem, the opium problem, the currency problem, and the revenue problem, she is perfectly capable of solving them alone if she can be kept free from menace, and we also believe that if she increases in prosperity she will make a better market than if she deteriorates. Of course, in this development she will require much foreign material, and in a perfectly legitimate

and friendly way Secretary Knox has determined that w shall have our share. When I was in China some thirt years ago the foreign business was largely in the hands c some fine old American houses. They have not prospere much in recent years, but with the new outlook and th new interest we have there, I hope to see them get back t the former dominating position. There is no mystery c secrecy about my mission to the East. I go there unde the simplest form of instructions from the President an from the Secretary of State to carry out the spirit of th Shanghai speech, and with a profound respect for and grea confidence in the Chinese people, a great desire to serv well the people who send me so far, and pride in the spiri of the programme to be carried out. Whatever is for th prosperity and benefit of the Chinese is the best thin for us."

The world subsequently learned much of the real aims o the United States from the "indiscretions" of Mr. Crane though it should be added in all fairness that the opinio prevails in more than one quarter that these indiscretion were of the nature known as "calculated." Mr. Crane it will be remembered, publicly hinted that the Unite States was preparing a protest against the actions c Japan in Manchuria, and was, in consequence, "recalled before he had left the shores of California. The insistenc of the United States that her financiers should be allowed t participate in the railway loan contract concluded by Chin with an international syndicate in the spring of 1909, wa still further evidence of her determination not to be left ou of any commercial developments in which other Power were interested. Apart from the general trend of event there have been, from time to time, a number of dis turbing rumours, plainly indicative to those initiated i the wiles of modern diplomacy, that a new situation wa quickly shaping itself in the Far East. Soon after th war it was reported from New York that the United State had given Japan the option of purchasing the Philippin Islands. Categorical denials were immediately issued a Tōkyō and Washington. The Japanese declared that thei lack of financial resources rendered prohibitive a trans

action of the magnitude suggested. The statements published in America made it clear that the Philippine Islands were the keystone of American policy in the Far East, and that in no circumstance would sovereignty over them be yielded to Japan. In spite of all official pronouncements on the subject there are some publicists who believe to this day that Japan knew more about the origin of the rumour than she cared to confess. It is certainly beyond doubt that she covets the Philippine Islands on account of their strategical value to the United States as an advance base in the Far East. Another report, and one repeatedly revived, has represented Russian willingness to dispose to Japan of the section of the Chinese Eastern Railway between Changchun and Harbin. It happens that the origin of this ingenious fable is known to the writer. The first announcement in relation to the matter appeared in the semi-official journal, the *Kokumin*, a member of the staff of which frankly confessed to me that it was a *ballon* sent up on behalf of the Government. Japan soon became aware of the attitude of Russia towards the "suggestion," for a denial of the whole report was promptly issued from St. Petersburg. At the same time it could not be imagined that the significance of such an incident was overlooked by the State Department at Washington, who doubtless saw in it a revelation of the ambitions of Japan in regard to Manchuria. The Government, however, did not rely upon the symptoms of a general situation alone, or upon its diplomatic insight. What, more than anything else, determined them to make an earnest attempt to rescue Manchuria from the tentacles of Russian and Japanese aggression were the reports received from accredited representatives on the spot. To my knowledge, at least five American consular representatives stationed in China tendered to Washington detailed accounts of prevailing conditions, conclusively showing that the principle of equal opportunity was set at defiance alike by Japan and Russia.

In regard to the assumption of administrative rights by the railway companies, American diplomacy concentrated its attention upon the situation at Harbin, hoping that if Russia could be induced to change her policy in the

north, Japan also would be compelled to abandon her pretensions in the south. The complaints that reached Washington relating to preferential treatment in matters of trade and commerce, largely concerned that region under the domination of the Japanese. The outcome of the Fa-ku-menn Railway dispute, the increase of Japanese influence in railway affairs, and the one-sided character of the Manchurian Convention concluded between China and Japan, were among other disturbing factors in the general situation. From time to time strenuous efforts were made to demonstrate to the world that Japan's relations with the United States were as cordial as ever. American squadrons visiting Japanese waters were entertained with a lavishness that was not without its significance. Parties of business men from each country exchanged visits which were made the occasions of friendly utterances by prominent men on both sides of the Pacific. Moreover, the Japanese sent a training squadron on a cruise along the Pacific coast, a member of their Imperial family attended the Hudson-Fulton celebration held at New York, and the warship *Idzuma* assisted at the Portola festival at San Francisco. While such interchanges of courtesies between nations tend to act as a useful restraint upon popular passions of the moment, it is scarcely to be expected that they succeed in disarming statesmen, schooled in the craft of diplomacy, as to the reality of grave issues at stake. However friendly were the terms in which the United States made her striking proposal to neutralise the railways, the fact remained that in effect they constituted a protest against the aggression both of Japan and Russia in Manchuria. It was understood that prior to the presentation of the memorandum on the subject to St. Petersburg and Tōkyō, the assent to the principle of the proposal had been sought and obtained from Great Britain and Germany. An announcement published in Paris at the time made it clear that France would loyally support any course that might be adopted by her ally, Russia.

The decision as to the success or otherwise of the scheme rested solely with Russia and Japan. Press and publicists in the United States, in urging its acceptance, expressed the

opinion that, unless some speedy solution to the problem of Manchuria was found, that region would soon pass beyond the reach of China's sovereignty, and that the principle of exclusiveness at present adhered to by Russia and Japan would become established by reason of custom, as opposed to the principle of equal opportunity piously professed in international treaties relating to China. The statesmen at the head of affairs were not slow to realise that the elaborate programmes of military preparations in which both Japan and Russia were engaged aimed at a renewal of hostilities, with Manchuria again as the cockpit. Moreover, it was understood that the marked cordiality which of late has characterised the relations between these countries merely arose from the recognition that the pursuit of interests similar in nature in Manchuria called for identical policies, and that action in common would impress the Powers with the strength of their mutual positions, thus lessening the possibility of an effective protest from any quarter. Nobody who has taken the trouble to study the situation seriously can believe that this *entente* between erstwhile antagonists will be enduring. There are substantial indications that point to Japan's unwillingness to stem her continental aggression at Changchun; while if Russian officials occupying high positions in the Far East are to be believed, their country is determined one day to re-establish itself upon ice-free waters in the south. It requires no master in the arts of diplomacy to predict that with Japan's ambitions directed northwards and those of Russia trained southwards, a clash of interests, followed by a clash of arms, will sooner or later be inevitable. The deduction is so simple that it could well be made by a child at school. In the meantime, however, Japan is only too pleased to imitate a policy which, when formerly pursued exclusively by Russia, caused her to wage angry war. Any nation raising its voice against the violation of the principle of the Open Door is now looked upon by these Powers in the light of a common enemy. So long as they are allowed to share the spoils in peace, treaty obligations trouble them not. The day will come when the one will seek the share of the other. Meanwhile, however, their relations are

those of toleration founded upon an *entente* of momentary convenience.[1]

When Mr. Knox made his proposal that the railways in Manchuria should be neutralised, he probably foresaw the time when this *entente*, having served its cynical purpose, would come to a natural end. He was desirous of averting another great conflict of world-wide consequence, a conflict which would of a certainty secure to the victor domination over the whole of Manchuria, and, in all probability, preponderating influence throughout the length and breadth of the Chinese Empire. At the same time it was his immediate aim to see established in Manchuria the principle of equal opportunity. "If," he asked, "Japan and Russia are sincere in their professions of adherence to the policy of the Open Door, how then can they reasonably object to international participation in the benefits of the railways, these railways which, it cannot be too clearly understood, practically direct the course of trade and control administration in Manchuria?" Before describing the reception accorded his scheme in the various capitals throughout the world it would perhaps be as well to examine its financial aspects. Some idea of the cost and extent of the railways in Manchuria was presented in an article contributed to the April number of *The Contemporary Review* (1910) by Dr. Dillon. This information was set forth in the form of the following table:—

| | Roubles. |
|---|---|
| According to the report on the construction of the Chinese Eastern Railway, the amount spent on building it, including all expenses and losses at the time of the Boxer Movement in China, was . . | 375,000,000 |
| The amount of interest on the money during the construction, from the beginning of the work down to the 1st July 1903, when the line began to be exploited, was . . . . . | 54,600,000 |

[1] In July 1910 this *entente* developed into a definitive Convention in which the interests of both Powers were mutually recognised. The writer sees no reason, however, to modify his opinion that the relations existing between Japan and Russia are dictated by the expediency of the moment. The text of the Convention will be found in the Appendix.

| | Roubles. |
|---|---|
| Therefore the total sum spent down to the 1st July 1903, was | 429,600,000 |
| From this we have to deduct the amount received from the Chinese Government | 70,000,000 |
| The remainder gives us the exact sum actually expended down to 1st July 1903 | 359,600,000 |
| Improvements, maintenance, interest, 1903–4 | 44,400,000 |
| " " " 1904–5 | 46,700,000 |
| Total to 1st July 1905 | 450,700,000 |
| Deduct the value of that part of the line which was handed over to the Japanese, inclusive of part of the rolling stock, but without interest and amortisation during the time of construction, 730 versts at 127,000 roubles a verst | 92,700,000 |
| The actual cost of remainder | 358,000,000 |
| Cost of maintenance and interest, 1905–6 | 34,000,000 |
| " " " " 1906–7 | 35,000,000 |
| " " " " 1907–8 | 37,300,000 |
| " " " " 1908–9 | 37,100,000 |
| " " " " 1909–10 | 38,900,000 |
| Total spent to 1st July 1910, will be | 540,300,000 |

The extent and cost of all the railways built and building in Manchuria will be visible at a glance from the following synopsis :—

*Railway Lines belonging to Russia.*

| Main Line— | Versts.[1] | Roubles. |
|---|---|---|
| Manchuria (Manchouli), Harbin, Pogranitshnaya | 1413 | |
| Harbin, Kwangchengtse | 222 | |
| Total | 1635 | |
| According to the accounts already given, the Russian railway net will have cost down to the 1st July 1910 | Roughly | 541,000,000 |

[1] A verst is 1166·66 yards.

*Railway Lines belonging to Japan.*

| | Versts. | |
|---|---|---|
| Kwangchengtse, Port Arthur, with the branch lines to Inkow (Niu-chwang) and Dalny | 730 | |
| Line in process of construction— | | |
| Yalu-Laoyan (Antung-Mukden) | 340 | |
| Total | 1070 | |
| Cost of the line from Kwangchengtse to Port Arthur, which was transferred to the Japanese | | 92,700,000 |
| For the acquisition of new rolling stock and the repairing of the line | | 30,000,000 |
| Total | | 122,700,000 |
| (That does not, of course, include the expenses for the building of Port Dalny and of Port Arthur.) | | |
| Estimated cost of the Yalu-Laoyan (Antung-Mukden) Railway, 340 versts at 100,000 roubles a verst | | 34,000,000 |
| Total | | 156,700,000 |

*The Line proposed for Construction by the American Syndicate.*

| | |
|---|---|
| Chinchau, Ichow, Chaoyan (branch line to Bodunê), Takhu, Tsitsihar, Mergen, Aigun, 1420 versts. | |
| Estimated cost of the line Chinchau-Aigun, 1420 versts at 95,000 roubles a verst | 135,000,000 |
| Construction of a commodious port in Shan-haikwan | 10,000,000 |
| Total | 145,000,000 |

To the above table the following explanatory note was attached: "The choice of the direction Chinchau, Ichow, Chaoyan, Takhu, Tsitsihar, instead of the direction Chinchau, Simentin, Takhu, Tsitsihar, is conditioned by the desire of the Chinese Government to avail itself, for the purpose of settlements, of a district which lends itself to

agriculture, but is not yet inhabited and is situated to the west of the existing line—Harbin, Kwangchengtse, Mukden. Between Tsitsihar and Chinchau, for a distance of 700 versts, this line would pass through uninhabited territory. It could serve a strip of land about 250 versts broad or 700 × 250 = 175,000 square versts or 18,000,000 dessatines of land. A practical corollary of this new trunk line would be the construction of the port of Shanhaikwan. That is an absolute necessity in view of the fact that, when the line is constructed, the exportation of agriculture must pass through this place. As soon as the port of Shanhaikwan is thoroughly improved, ocean steamers will be able to cast anchor there all the year round. The new port will then be in all respects superior to that of Yinkow (Niu-chwang), which freezes in winter and can afford accommodation only to vessels which draw not more than 16 feet of water."

It was suggested that a sum computed at something like thirty or forty millions sterling would be required to buy out the Russian and Japanese railway interests and to construct all the other lines which were already under consideration in Manchuria. The figures presented by Dr. Dillon, however, show conclusively that the amount required would be considerably nearer a hundred than forty millions. According to the Japanese press a sum approximating to eighty millions represented Japanese interests, including, of course, those involved in loans to China for the purposes of railway extension in Manchuria on her own account, and the price of productive and other undertakings attached to the South Manchuria system. According to one reliable estimate the value of the South Manchuria Railway alone was forty millions sterling. While China officially endorsed the neutralisation scheme, some objections were urged in certain quarters in Peking on the score that its realisation would add enormously to the indebtedness of the Empire. The opinion, however, prevailed that no price was too high to pay for the release of Manchuria from the oppressive domination of Russia and Japan.

The receipt of unfavourable replies to the memorandum addressed by the United States to Tōkyō and St. Petersburg

ended all prospects of an immediate solution of the problem. Nevertheless, the action of Mr. Knox had one important result. It attracted critical attention to the existing situation in Manchuria, and called forth authoritative declarations of a nature such as to reveal in unmistakable fashion the camps into which the leading Powers were divided on the subject. In Japan the proposal aroused considerable uneasiness. Public opinion was not slow to realise that beneath it there lay disturbing conditions likely to cause international complications of a gravity that could not be minimised. In short, the Japanese did not blind themselves to the obvious fact that the action of the United States amounted to a strong protest against the existing conditions of affairs in Manchuria. Many prominent men gave expression to their views on the subject. Count Hayashi, who was Minister of Foreign Affairs in the first Saionji Cabinet, asked the pertinent question as to whether the United States seriously accused Japan of having acted contrary to the principle of equal opportunity. Count Ōkuma observed that the realisation of the scheme would only have the effect of adding to China's financial difficulties, and remarked that it was difficult to find any sensible reason for the proposal. "But," he added significantly, "the diplomatic stage often hides behind the scene many troublesome affairs unknown to the public, and I am much concerned lest the American proposal is the result of some international blunders committed by our Government." Baron Gōto, the Minister of Communications, observed that during the recent war the late Mr. Harriman was interested in a scheme to gain control over the Manchurian railways, but his proposals were rejected by the parties directly concerned. Baron Gōto also mentioned that at a later date, during the period of his presidency of the South Manchuria Railway Company, he was approached by a group of Americans who endeavoured to persuade him that Japan would be wise to dispose of her section of the railway.

The press unanimously condemned the scheme. The semi-official *Kokumin* declared that the first use of the expression "Open Door" by the United States, in a diplomatic document dated 1899, was intended to bind the Powers not to

interfere with the commercial activity of each other within their respective "spheres of interest or leased lands," and that on this occasion the Washington Government expressly made it a condition that no treaty right or previously acquired right of any kind should be interfered with. The journal pointed out that, had it not been for the support of Great Britain and Japan, the doctrine of the Open Door would not have received universal acceptation, and advanced on behalf of Japan the claim that she was first among the Powers to give practical interpretation to the term. The comment of the *Kokumin* was illuminating in so far as it implied that Japan did not regard the principle of the Open Door as having application to the administration of the South Manchuria Railway Company and the territory under its control. Another influential organ, the *Jiji*, thought that the scheme would make of Manchuria a second Macedonia, and must defeat its end, inasmuch as it would add to the financial embarrassment of China, and still further complicate administrative affairs in the region affected. Doubts were expressed as to the motives of the United States in desiring "to rob Japan of her single prize of war and to make it the common property of the Powers." The *Asahi* urged the United States to show respect for the Portsmouth Treaty and the Chino-Japanese Convention, both of which secured Japan in the enjoyment of existing rights in Manchuria. The *Yorodzu*, a popular newspaper, frankly declared that the policy of the United States was directed towards the exclusion of Japan from a share in the development of China. The *Japan Times*, an organ of semi-official standing conducted by Japanese and printed in English, bombastically declared that "unless we are annihilated as a race, no power on earth will cause us to deviate from the course we have chosen for the development of our Far Eastern policy—a policy to maintain peace in consonance with treaty rights and the principle of equal opportunity."

The late Marquis Komura, then Foreign Minister, officially declared the attitude of the Government in a speech delivered before the Diet. "While the Imperial Government," he said, "are determined to adhere to their avowed policy scrupu-

lously to uphold the principle of the Open Door and equal opportunity in Manchuria, it should be observed that the realisation of the proposed American plan would bring about radical changes in the condition of things in Manchuria which was established by the treaties of Portsmouth and Peking, and would thus be attended with serious consequences. Besides, in the region affected by the South Manchuria Railway, there have grown up numerous undertakings which have been promoted in the belief that the railway would remain in our possession, and the Imperial Government could not, with a due sense of their responsibility, agree to abandon the railway in question. Consequently, the Imperial Government, to their regret, felt bound to make a reply to the United States Government on the 21st instant announcing their inability to consent to the proposal. We trust that the United States Government will appreciate our position, and that the other Powers will equally recognise the justice of our attitude in the matter."

Marquis Komura took advantage of the occasion to announce that, in pursuance of Japan's fixed policy in favour of the maintenance of the principle of equal opportunity, it had been decided to open Port Arthur, "in order to contribute to the development of Manchuria, and to facilitate the commerce of all nations." As a matter of fact, Japan has everything to gain from the opening of Port Arthur. The relatively small share enjoyed by foreign nations in the trade of Dalny, as compared with Japan, proves that the advantages resulting from her possession of the railway, from cheap labour, and from geographical proximity to the base of supply, are sufficient to overwhelm competition, even where conditions are nominally regulated by the purely political principle of "equal opportunity." The real motive for the opening of Port Arthur was perhaps best supplied in a report of the South Manchuria Railway Company for 1909, which declared that, "as an inevitable result of the improvement of the railways and the development of the resources in Manchuria, such a great increase of freights is expected, that it is even doubted whether Dalny alone would be able to meet the situation in the near future." Although the Japanese have persistently protested their strict

adherence to the doctrine of the Open Door, so far they have not attempted to reconcile their administration of the railway with the practical application of this doctrine. They have contented themselves with the assumption of an air of injured innocence, accompanied by an affectation of polite surprise that they, of all nations, should be accused of departure from the written pledge of treaties. That some public men of prominence are beginning to doubt whether the policy pursued by the Government over Manchuria will make for peace, is evident from discussions that took place in the Diet subsequent to Marquis Komura's statement. Several members observed that the opinion prevailed among a large section of the community that the mere fact of the United States having considered it necessary to suggest the neutralisation of the Manchurian railways indicated that in some respect Japanese diplomacy was at fault. It was also urged that Japan had not clearly explained to the Powers the policy she intended to pursue in Manchuria.

In Russia also the proposal of the United States was received with marked disapproval. The Government soon announced that under no circumstances could consent be given to the sale of a railway that provided an essential link in the communication with Russia's principal port in the Far East—Vladivostock. It is interesting to recall that, among other reasons in favour of the acceptation of the proposal, the United States had contended that it would secure Russia for all time against the possibility of a Japanese attack upon the Maritime Province. Apparently Russia believes that she is well able to take care of her own interests in this direction. Incidentally, the rejection of the American scheme of neutralisation revealed the fact that neither Japan nor Russia attached any serious importance to the stipulations of the Portsmouth Treaty interdicting the use of the railways for military purposes.

As I have before observed, Great Britain agreed "in principle" with the proposal. A weighty article on the subject appeared in *The Times*, and the views to which it gave expression were doubtless a reflection of the attitude of the Foreign Office. "That all the many questions,"

observed this journal, "connected with the Manchurian railways—questions of which we pointed out only a few days ago the extreme complexity—should, if possible, be taken out of Far Eastern politics, and the commercial neutralisation of Manchuria placed on a more assured basis than mere vague diplomatic formulas, are indeed consummations devoutly to be wished; and if Mr. Knox's statesmanship can pave the way for such an achievement, he will have rendered a splendid service to the cause of international amity and goodwill." The article, however, concluded with a confession of "some apprehension lest the excellent intentions of the United States Government have led them to put forward a plan of which the grandiose simplicity ignores some of the stern realities of the present situation in Manchuria." The "stern realities" to which *The Times* alluded as existing in Manchuria have been fully described in this work. It is only necessary to say here that owing to the British policy of surrender, these consist in the political and commercial domination of Japan and Russia in violation of all treaty engagements having for their object the preservation of China's integrity and the strict maintenance of the principle of equal opportunity. It would seem that our Far Eastern diplomacy has become so enfeebled as to admit that the "stern realities" caused by the pretensions of these two Powers, no matter how much in conflict with our own true interests, must remain paramount and permanent. If, as *The Times* plainly urged, it is desirable that the commercial neutralisation of Manchuria should be placed on a more assured basis than mere diplomatic formulas, then British policy, like that of the United States, should be actively directed towards finding a solution of the problem, instead of, as at present, blindly following a course set by Japan in her own exclusive interests. That the American proposal was found to be impracticable does not alter the important fact that the conditions of which it was the outcome constitute a menace to the peace of the world. Mr. Knox was probably the last person to be surprised by the reception accorded his memorandum at Tōkyō and St. Petersburg. As a far-seeing statesman, he must have realised

that the final decision rested with Japan and Russia, and that neither of these Powers would be likely to yield voluntarily the economic and strategical advantages attached to the possession of the railway. Nor could he have been altogether unmindful of the fresh difficulties that would certainly have arisen as a result of jealousies among the six Powers who, under his scheme, were to compose the syndicate of management. In all the circumstances it must be concluded that his immediate object was to attract the serious attention of the world to the complicated situation existing in Manchuria; and the method he employed was perfectly consistent with the traditions of diplomatic procedure—protest against the pretensions of certain Powers by means of suggestion, which, even if met with rejection, would at least have the effect of committing those Powers to a clear definition of the *status quo*. That this view of Mr. Knox's action was largely held by public opinion in the United States, appeared evident from the comments of the Press. "Russia and Japan," declared *The Tribune*, "are now understood substantially to claim that they have exclusive sovereignty over the region around all the railway centres in Manchuria—a claim in which it would be difficult for another nation to acquiesce."[1] The *New York Times* expressed the hope that "Japan and Russia, and our English friends as well, have been put on notice by Mr. Knox's proposal that we are not unmindful either of what is going on in Manchuria, or of the bearing of these proceedings upon our commercial interests."

[1] The comment of *The Tribune*, made in perfectly good faith at the time, has been largely disproved so far as Russia is concerned by the subsequent action of that Power, whereby it was arranged that there should be mutual co-operation with the Chinese in all matters appertaining to municipal administration throughout the railway zones. In the case of Japan, however, there has been no change in policy that would warrant *The Tribune* either in retracting or modifying its statement. (See Chapter LXVII.)

# LXIX

## THE CHINCHAU-TSITSIHAR-AIGUN RAILWAY PROJECT

THE proposals of Mr. Knox for the neutralisation of the Manchurian railways having been disposed of, there still remained for discussion among the Powers concerned the projected railway from Chinchau, in the far south of Manchuria, to Aigun, on the Russo-Manchurian frontier—a line which would cross the Chinese Eastern Railway at the important town of Tsitsihar. The scheme had the sanction of the Chinese Government, and received the diplomatic support of the United States.

At first it was agreed that both the construction and financing should be placed entirely in British hands. As, however, Russia and Japan made known their opposition to the suggested undertaking the British Government found itself unable to exert any diplomatic influence in its favour. While retaining the same British contractors, China invited a group of American bankers to arrange the necessary loan. This group consisted of eminent financiers, who, at President Taft's instigation, sought to further the diplomatic efforts of their country by substantial offers of monetary assistance to Chinese State-secured enterprises. According to Mr. Backhouse, who acted throughout the negotiations as the intermediary between the Chinese Government, the American group, and the British contractors, there was no question of a concession being granted. The railway was to be built by China, who had selected British contractors for the work, and was to be China's exclusive property, worked under the control of her own Board of Railways. Originally, as additional security, Great Britain and America were to be allowed participation in a company to be formed for the administration of the line, but the interest was to be limited to 10 per cen[redacted]

profits. Some considerable time before the attitude of the British Government was definitely ascertained, this provision was eliminated owing to the possibility of its being held to imply something which would have given Sir Edward Grey sufficient justification for withholding his support.

The promoters urged that a survey of the line showed it to be at no point nearer than 150 miles to the South Manchuria Railway, thus removing it beyond any competitive zone as far as Japan was concerned; that in giving access to a southern port it would be of advantage to Russia; that it would lead to the development of agricultural areas the resources of which have been compared to Canada; that it would also develop vast mineral fields; and, finally, that it would traverse for a considerable distance Mongolian territory and would thus be altogether outside the Manchurian spheres of influence claimed by Japan and Russia. The Tōkyō Government adopted an entirely different view of the scheme. They did not, however, as in the case of the Fa-ku-menn Railway, go so far as to veto the project altogether, but as compensation for the losses they alleged would be incurred by reason of competition, or, in other words, as the price of their acquiescence, they demanded participation in the finance, in the construction, and in the appointment of engineers; while they further required the building of a line some 160 miles long to link up with the South Manchuria Railway. These terms were regarded by China as altogether exorbitant.

From the Japanese side I received an authoritative statement concerning the negotiations, and as it made mention of several very important aspects that are new to the whole controversy it is not inopportune to summarise their purport. In the first place, it is claimed that an agreement concluded between English and Japanese financial groups, on the occasion of discussions over the Hankow-Canton Railway, provided for frank and loyal co-operation throughout the whole of China, including Manchuria. Then it is asserted that the British interests involved in the Chinchau-Aigun project gave repeated and explicit assurances that in no conceivable circumstances would there be any question of seeking an alliance with American interests, but that, on the

contrary, they were only too willing that the Japanese should be admitted to substantial participation. On the plea that the feeling in Peking at the moment was anti-Japanese in tendency, they urged that it would prejudice the success of the scheme if representations were made by them to the Chinese Government with a view to securing an immediate and properly defined recognition of Japanese rights in the matter; but they promised that as soon as an agreement was concluded they would not hesitate to exert their influence in Chinese official circles with the object of obtaining for the Japanese a share in the enterprise, and thus giving practical effect to the understanding already arrived at between the two groups.

The Japanese complain of unfair treatment, inasmuch as they allege that all the time that these pourparlers were in progress an agreement had been secretly concluded with Tang Shao-yi on behalf of the Chinese Government, providing that the line should be constructed solely as a result of British enterprise, and making not the least allowance for Japanese participation. According to their version, the same statesman, on the occasion of his visit to the United States, entered into yet another secret agreement on the subject, in consequence of which British and American interests were literally forced into co-operation; and, furthermore, they assert that it was the publication of a third and subsequent agreement, defining the interests of the various parties concerned, that first made them acquainted with the true circumstances. Thus, if they are to be believed, they were deceived throughout the whole course of the negotiations, and the pledges given to them were in every instance cynically disregarded. The charges are of undoubted seriousness, and it is due to the British reputation for good faith that they should not remain unanswered. The Japanese are careful to explain that throughout the British Government have admitted their claim to participation, while they add that the "highest authority" in the United States has also expressed the unqualified opinion that their attitude is a reasonable one.

The whole problem was finally disposed of by R[illegible] unconditionally vetoed the line on the ground[illegible] be inimical to her commercial and econo[illegible]

would, however, be altogether unfair to suggest that Russia is not desirous of finding a satisfactory settlement. The supreme importance of her frontier relations, no less than the enormous nature of her vested interests, renders it imperative that she make no sacrifices such as will one day tend to imperil the safety of Siberia. A glance at the map will instantly show that a line from the southern coast of Manchuria, crossing her own system at Tsitsihar, and stretching right up to the Russo-Chinese frontier would not only lead to serious financial loss by reason of the diversion of traffic, but would also afford a very convenient line of communication for the use of a hostile army. Russia has gone a long way towards meeting the objections of all parties concerned. For instance, she has stated that she is prepared to give the various interests seeking railway development in Manchuria a share in the Kalgan-Kiakhta line, which, if constructed, would bring Peking within nine and a half days' journey of London, and would establish "through" communication with Hankow.[1] Moreover, there is reason to believe that she is not opposed to the construction of a railway from Aigun to some point on the Chinese-Eastern Railway—so long as the 5-foot gauge of the Russian system be adopted. Recently some efforts have been made to find a solution of the problem by inducing China to begin the construction of a line from Chinchau northwards to Taonanfu, a distance of some 300 miles. It has been stated in well-informed quarters that were such a scheme to be entertained neither Russia nor Japan would be allowed participation. However this may be, America, having set her heart upon the realisation of the grand Chinchau-Aigun project in order, so she thinks, to counterbalance the influence of Japanese and Russian railways in Manchuria, is not likely to give her consent to any suggestion for a curtailment of the original plan. But this alternative project is inevitably destined to fail if only for the reason that it will be viewed by Russia as merely an attempt, as it were, to drive in the thin end of the wedge, for it is difficult to see

[1] Since the above was written Outer Mongolia has seceded from China and has come largely under Russian influence. Russia is now pressing China for an immediate concession for the line from Kiakhta as far south as Urga.

how any binding guarantees could be given that the line will not eventually be extended further north.

The British Foreign Office has upheld the views both of Japan and Russia in this matter. In a speech delivered in the House of Commons on June 16, 1910, Sir Edward Grey expressed the opinion that it was not unreasonable, after all that had passed, for Japan to ask for participation in a railway which might to some extent compete with her own system. As far as Russia was concerned, he referred to the agreement of 1899 (known as the Yangtze Agreement), whereby Great Britain undertook not to press for railway concessions north of the Great Wall, while Russia gave a similar promise in regard to the region of the Yangtze Valley. It has been urged by competent authorities that this agreement became *ipso facto* obsolete after the Boxer rising, and that in any case the Portsmouth Treaty and the Anglo-Japanese Alliance, both of which guaranteed the integrity of China, were superior covenants, and consequently superseded any previous understandings that were opposed to their provisions. Although Sir Edward Grey does not find it convenient to agree with this point of view there is nevertheless much to be said in its favour.

In view of the importance of the provisions of the Yangtze Agreement I propose to set them out in text:—

"Great Britain and Russia, animated by a sincere desire to avoid in China all causes of conflict on questions where their interests meet, and taking into consideration the economic and geographical gravitation of certain parts of that Empire, have agreed as follows:—

"1. Russia engages not to seek for her own account or for Russian subjects any railway concessions in the basin of the Yangtze, nor to obstruct, directly or indirectly, in that region any applications for railway concessions supported by the British Government.

"2. Great Britain, on her part, engages not to seek for her own account or for British subjects any railway concessions north of the Great Wall of China, or to obstruct, directly or indirectly, in that region any applications for railway concessions supported by the Russian Government.

"The two Contracting Parties, having nowise in view to

infringe in any way the sovereign rights of China or existing Treaties, will not fail to communicate to the Chinese Government the present Arrangement, which, by averting all cause of complications between them, is of a nature to consolidate peace in the Far East, and serve the primordial interests of China herself."

The terms of this agreement are explicit. Great Britain undertook not to seek railway concessions for her subjects north of the Great Wall of China. A study of the events connected with railway enterprise in Manchuria immediately preceding the conclusion of the agreement, and of those which have since occurred, will raise doubts as to whether the British Government acted wisely in recognising its continued validity. When the North China system was in process of extension beyond Shanhaikwan, Russia unsuccessfully endeavoured to persuade the Chinese Government to dismiss Mr. Kinder, the Engineer-in-Chief of the undertaking. In a despatch to the Marquess of Salisbury, dated October 19th, 1897, Sir Claude MacDonald, then British Minister at Peking, forwarded an important statement made to him by M. Pavloff, the Russian Minister. "M. Pavloff said," wrote Sir Claude, "there was no wish to get rid of Mr. Kinder because he was an Englishman, but because he was not a Russian; for he must tell me frankly that the Russian Government intended that the provinces of China bordering on the Russian frontier must not come under the influence of any nation except Russia." In the following year an effort was made by Russia to veto the construction of a line from Chunhouso to Hsin-min-tun, and of a branch line to Yingkow. In support of her case she quoted the following article of a supplementary agreement that was drawn up to determine that Talien-wan and Port Arthur should be the southern termini of the Chinese Eastern Railway: "It is further agreed in common that railway privileges in districts traversed by this branch line shall not be given to the subjects of other Powers." Great Britain did not hesitate to point out to Russia that her attitude was inconsistent with the provisions of the Treaty of Tientsin, which guaranteed the principle of equal opportunity. The issues that arose on this occasion were similar in many important respects to

those under discussion in connection with the Chinchau-Aigun Railway project. Russia then, as now, claimed exclusive privileges on the basis of her supplementary railway agreements with China. The British Government of that time considered it within their province to define the interests of Russia. To admit these interests in the light of existing circumstances, as we have done, is tantamount to a confession that we no longer regard the principle of equal opportunity as applying to Manchuria. The question may perhaps be asked as to whether the Yangtze Agreement of 1899 was not in effect a definite abandonment of this principle on our part? It must not be forgotten, however, that in spite of her professions that she would preserve the integrity of China and maintain the doctrine of the Open Door, Russia's efforts were directed towards the absorption of Manchuria, and railway "rights and privileges" were employed not as a means of peaceful penetration, but rather as a cloak for territorial aggression and strategical preparation. Her conduct in this respect was a conspicuous contradiction of the declaration contained in the Yangtze Agreement to the effect that "The two Contracting Parties, having nowise in view to infringe in any way the sovereign rights of China or existing treaties," &c. Moreover, it was largely because of the forward character of Russian policy in Manchuria that an alliance was concluded between Great Britain and Japan. For the same reason the support and sympathy of the Anglo-Saxon race was extended to Japan in her campaign against Russia. This set of circumstances for all practical intents and purposes should have rendered the provisions of the Yangtze Agreement null and void. Finally, in Article III. of the Portsmouth Treaty, Russia definitely abandoned in Manchuria "any territorial advantages or preferential or exclusive concessions in impairment of Chinese sovereignty or inconsistent with the principle of equal opportunity." When Japan justifies her possession of exclusive rights and privileges on the score that she has inherited them from Russia, she would appear to overlook this article in a treaty to which she herself was one of the Contracting Parties. The mere fact that, in consequence of the situation arising from the war, the Powers deemed it necessary to reaffirm their

adherence to the principle of equal opportunity, should have rendered all conventions or understandings opposed to this principle wholly inoperative. That in spite of all the new circumstances which have arisen, our policy in regard to Manchuria should remain the same as that embodied in the Yangtze Agreement, would appear on the surface to point to diplomatic impotence on our part. A reference to historical facts will show conclusively that all the advantages of the Yangtze Agreement rest with Russia. In his work on the railways of China, Mr. P. H. Kent, after mentioning the fact that the Marquess of Salisbury telegraphed to Sir Charles Scott congratulating him heartily on the success of the protracted negotiations that led to the compact, adds :—

"It is a little difficult to appreciate his point of view in face of certain contemporaneous facts which may be marshalled with some advantage at this point in order to show the precise bearing of the new agreement.

"Firstly. In August 1898, almost at the moment that M. Lessar was making the first suggestion of the idea to Mr. Balfour in London, a concession to a Franco-Belgian syndicate for a trunk line to Hankow was receiving imperial sanction in Peking. The scheme had the powerful support of M. Pavloff, the Russian Chargé d'Affaires in Peking, despite the protests of Great Britain.

"Secondly. The concession for lines emanating from Shanghai—the beginnings of the Yangtze Valley system—had been secured by the British and Chinese Corporation before the conclusion of the agreement.

"Thirdly. Two days after the conclusion of the agreement the Russo-Chinese Bank applied for a concession for a railway from a point on the Manchurian Railway north of Mukden to Pekin, while

"Fourthly. Of the Powers interested in China, with the exception of Japan, Great Britain was the only considerable Power whose activities were not clearly localised. France was engrossed in the south, and Germany in Shantung. America had her hands full with Manila, and at that time, at any rate, was not likely to take any very strong line in China.

"Fifthly and lastly, but by no means least important.

The arrangement had an unfortunate effect on the Chinese, by whom it was regarded as tending only to the advancement of Russian aims, and ill according with the boasted friendship of Great Britain.

"It does not require particularly close reasoning to deduce from these facts the conclusion that the arrangement came too late to be of much service to us in the Yangtze Valley, and it would therefore appear that we agreed to tie our hands in Manchuria without receiving adequate consideration in the shape of compensating advantages elsewhere. The proposal for a railway into Peking from the north, which has been mentioned, frightened the Chinese and fell through. Had the case been otherwise, though the line, apart from its political significance, would have proved a formidable competitor with the Chinese system, it is difficult to see how Great Britain could have taken action in view of the reservation accepted by the British and Chinese corporation of Russia's right to acquire concessions in South-West Manchuria."

In the 1899 Agreement, therefore, we conceded valuable privileges to Russia in Manchuria in return for her consent to rights which we had already acquired in the region of the Yangtze and which consequently did not concern her in the least! Were we now to seek a wide extension of these powers our position might perhaps be understood, though not necessarily commended. Far from being our intention to do so, we are even unwilling to contest any claim against those privileges which we have already acquired. This much was made manifest in a question addressed by Earl Winterton to the Secretary of State for Foreign Affairs in the House of Commons on April 13, 1910. The hon. member asked whether an agreement or understanding between Great Britain and Germany regarding German interests in the Shantung Peninsula and British interests in the Yangtze was last year, on the demand of Germany, considered obsolete or ineffective; and whether, in consequence, Germany successfully claimed a right to participate in the Hankow-Canton railway project? Mr. M'Kinnon Wood, who replied, said an agreement was come to by British and German financial groups in 1898 in regard to railways

in the two districts in question. It was not a formal undertaking by the two Governments. That agreement had not been cancelled, but the German group contended with the British group that it did not apply in the case of the loan for the Hankow-Canton and Hankow-Szechuan railways, and it was not considered advisable to contest this claim, which would only have led to keen competition between the different groups. British policy in the Far East is thus plainly disclosed.

In order to find some warrant for our attitude we have recognised the continued validity of the Yangtze agreement and other covenants which some few years back had the effect of bringing about a situation that menaced the integrity of China, imperilled the principle of equal opportunity, and led to strained relations between this country and Russia. Fearing that such a course would provoke a world conflagration, the outcome of which might be the dismemberment of China, we dare not seek compensating privileges in the Yangtze region for our sacrifices elsewhere. Yet it might be argued that to these compensating privileges we are justly entitled under the agreement of 1899 with Russia. Were we to move one single step in this direction it would be the signal for other Powers to inaugurate a policy of aggression similar to that which preceded the Boxer rising. We are, therefore, reduced to a state of diplomatic impotence; in other words, we have complacently permitted our policy to be dictated from Tōkyō. The question may well be asked, How and in what degree has the Anglo-Japanese alliance served our interests in the Far East?

No one can deny that Russia would be acting in legitimate accordance with the precedent established by Japan in the secret protocol to the Peking Treaty of 1905, and accepted by Great Britain, were she to veto the construction of a line likely to prove seriously competitive with her own system. But the question arises as to whether the Chinchau-Aigun project would come into this category. The United States urges that owing to its connection at Tsitsihar it would actually feed the Chinese Eastern Railway; on the other hand Russia gives a direct

negative to this statement and asserts that the competition would be so severe as to result in a loss to her of several millions sterling annually. The difference of opinion is clearly one that could only be settled finally by expert and independent judgment. But the principal motive that has inspired Russian opposition lies rather in strategical than economic reasons. She has vetoed the Chinchau-Aigun project because, apart from the fact that it would deprive her of exclusive economic development in territory which she regards as within her sphere of influence, it would seriously interfere with her defensive plans by providing a line running for a considerable distance along the flank of her position, and one, moreover, that would actually cross her own system and extend right up to the Russo-Manchurian frontier. It could be urged that at present the Chinese are so hopelessly weak that they cannot constitute a military menace; but no one can deny that China is awakening, and though the process of her regeneration may be slow, wise statesmanship will not neglect to take it into account by deferring as long as possible the building of railways which might some day be used for conveying, not thousands, but millions of Chinese troops to the Russian frontier. In any case the position of overwhelming military strength held by Japan in the south, and held with the sanction of Great Britain, affords ample justification of Russia's attitude.

# LXX

## THE *STATUS QUO* IN MANCHURIA[1]

THE position of China in regard to the various international schemes for the development of her territories is, to say the least, a peculiar one. Nominally Manchuria is an integral part of the State. Yet both Russia and Japan in strongly worded despatches[2] have solemnly warned her that if she seeks to promote railway schemes in this region without first consulting them, a situation of extreme gravity will arise. Only recently the Chinese Minister of War urged his Government to cultivate close relations with Germany in order to check Russia, and to spare no effort to maintain cordial relations with America as a set off against Japan. He recommended that seven-tenths of the national revenue should be used for the purposes of strengthening the military forces. The following literal translation of a statement made by the Viceroy of Manchuria to the Regent further indicated that China was thoroughly alive to the ultimate aims of Japan in Manchuria:—"As a result of the annexation of Korea, it may be said that one of the Three Eastern Provinces has already become practically Japanese territory. In the regions bordering on the frontier there are 300,000 Koreans who are now Japanese subjects. We can no longer adhere to our old policy of checking Japanese emigration by ourselves attempting systematic colonisation. It is urgent that we adopt firm and decisive measures. Without delay we

[1] This chapter was in the press before the outbreak of the dynastic revolution of 1911. But it is expected that the resultant change in the form of government, far from ameliorating the situation in Manchuria, will only enable Russia and Japan to strengthen their hold upon this territory.

[2] These despatches, hitherto unpublished, will be found in the Appendix to the present chapter.

should borrow funds from America with which to construct the Chinchau-Aigun Railway and to start various productive enterprises. These measures will act as a check to the westward tendency of Japanese influence." Unfortunately the Peking Government is utterly powerless to help itself. China possesses no navy that is worthy of the name, the army could not possibly take the field against the forces of a first-class Power, and the finances of the Empire are in a state of chaos. At the present moment she can have no policy that will endure for any period, for the plain reason that there is not a single personality in the Government capable or even willing to evolve a definite and at the same time a tolerably honest line of action. Dissension in high quarters together with unrest among the teeming millions of her population threaten an early revolution; while the sentiment of the masses is undoubtedly in favour of the recovery of all concessions granted to foreigners in the past. The Manchu and conservative elements which predominate in the administration are naturally opposed to the aspirations of the people in so far as they tend towards the abolition of an autocratic Government bolstered up as it is by favouritism and corruption. But they are believed to accord their secret sympathy and support to all movements of an anti-foreign nature. Therefore it is only logical to suppose that they can have no other object in promoting cordial relations with the United States and Germany than to realise their dream of China for the Chinese by means of the time-honoured method of pitting one Power against another. Evidence of this intention is to be found not only in China's actions in Manchuria but also in her cynical betrayal of pledges solemnly given in relation to the region of the Yangtze. But, as already explained, in consequence of a subtle interpretation of her own obligations, she negotiated with German interests, the result being that important railways in the Yangtze region have virtually passed to the control of an international syndicate. Apparently China believes that if she can only associate all the Powers together in extending her communications, then international jealousies will ultimately

allow her a loophole for escape. It would seem that American policy has a trend in a somewhat similar direction, though its primary motive is not in harmony with that of the Chinese. If, in view of all the world's past experience of the weak and vacillating policy pursued at Peking, America imagines that there is any sincerity or permanence in the Chinese professions of friendship, then she will be sadly disillusioned in the near future. In seeking to guide China, she has taken upon herself a task that is foredoomed to failure, for there is no single statesman in the present Government who is capable of intelligently discriminating between good and bad advice. Moreover, if America believes that the merging of international interests will promote international concord then she is wholly ignoring the laws of human nature and the lessons of history. And, finally, it cannot reasonably be advanced that America will exert her efforts on behalf of so impotent a country as China without receiving compensation of some kind either direct or indirect. For it must be remembered that the Americans are essentially a far-seeing and a business-like people. Herein lies the danger of complication in the future. So soon as America seeks for reward in a practical shape the Chinese will become suspicious of her motives, and will not hesitate to say to her, "Begone, you are no better than the rest."

Since the close of the Russo-Japanese war the attitude of Great Britain in Far Eastern affairs has been the subject of much hostile criticism from Englishmen who are intimately acquainted with the existing situation. Many letters have appeared in the press from eminent authorities on China, while there have been serious debates in Parliament in the course of which the allegation has been made that in surrendering valuable interests at the bidding of Russia and Japan in Manchuria and of Germany in the Yangtze, our prestige in China has been seriously impaired. Sir Edward Grey's ruling that the 1899 Agreement with Russia defining spheres of railway influence is still operative, and that Japan is at liberty to form her own opinions as to what constitutes and what does not constitute a scheme competitive with the South Manchuria

Railway, may be open to question; but it is authoritative and therefore final. There is a good deal of truth in the contention of his critics that this policy re-establishes the principle of "spheres of influence," the existence of which caused so many complications in the past.

Sir Edward Grey, with true diplomatic adroitness, finds justification for his policy by taking his own view of the operation of certain agreements, and by declining in the case of others to admit that they are overridden by any subsequent compacts. His view is that of a Foreign Minister responsible for British interests not only in China but in all parts of the world. In the present circumstances, therefore, his view is a wise and statesmanlike one, doubtless based upon inner and accurate knowledge of the naval and military resources of the Empire, whereas his critics, with their minds focussed upon the Far East, denounce his policy solely as the result of their intimate associations with one quarter of the globe. It will be contended that this quarter of the globe is a considerable proportion of the whole, and that upon its future British prosperity may largely depend. If England were strong enough to stand alone—if, in other words, she were prepared to sacrifice her alliance with Japan in the Far East and the Triple Entente in Europe, then her attitude of acquiescence in the Manchurian situation would be inexcusable. But the truth must be told. England is not strong enough again to resort to a policy of "splendid isolation." The German menace in Europe and its relation to the Middle East require that our naval strength shall be concentrated in home waters. With this end in view it is imperative that complications be avoided in the Far East. Therefore we should aim at retaining the good-will both of Russia and Japan in this region, and as far as Europe is concerned the Entente between Russia, France, and Great Britain must be upheld at all costs. In China only "interests" are imperilled; in Europe the growth of German power is a menace to the existence of the British Empire itself. As I have already implied, if we possessed not merely an overwhelming navy but a conscript army capable of fighting its way alone on the Continent, then and then

only could we pursue a vigorous policy in China. As it is, we are face to face with hard accomplished facts, which make a great demand upon our capacity for political philosophy. We really stand in need of the friendship of Russia and France, and in return these two Powers have much to offer us. Their support is not only a guarantee of the peace of Europe, but it offers a tangible return in the form of diplomatic support in Persia and in other spheres where, if Great Britain stood alone, there would be immediate danger of grave complications. On the other hand, the United States is not directly concerned in European diplomacy. Consequently, she is at liberty to shape her policy solely with a view to the furtherance of her own interests in China. It so happens that this policy is fundamentally honest inasmuch as it aims at securing the integrity of China, and is based upon the sound principle of equal commercial opportunities for all nations. It is therefore thoroughly consistent with the traditions of Washington diplomacy, which has always set itself against territorial aggrandisement, and at the same time, having regard to America's position in the Pacific, a position of comparative proximity to the Open Door, it is wise in her own interests and therefore businesslike. Yet it cannot be denied that the realisation of American policy would be distinctly advantageous to the commercial enterprise of Great Britain in China, for Great Britain, unlike Japan and Russia, does not enjoy any exclusive privileges. But Great Britain cannot give active support to the United States for the reason that the United States, bound by her traditional policy of aloofness, dare not even contemplate the possibility of an Anglo-Saxon offensive and defensive alliance of a world-wide character. Doubtless, it will be said that Great Britain must be in sore stress when she is compelled to purchase the friendship of other Powers at the price of valuable interests in China, and when she remains silent while solemn treaties to which she has been a party are torn into shreds before her very eyes. To discuss this side of the question, however, would open up a large issue altogether beyond the scope of the present chapter.

Again, it may be urged that had Great Britain from the outset firmly insisted upon Japan's faithful adherence to the letter of the Treaty of the Alliance, the existing situation in Manchuria would not have arisen. There is certainly good cause for criticism of this kind, and the Foreign Office cannot altogether escape the charge of having complacently allowed matters to drift until the time has long passed when protest can reasonably be made from our side. For in spite of America's attitude it is clear that the conclusion of an agreement between Japan and Russia, guaranteeing the maintenance of the *status quo* in Manchuria, finally disposed of all possibility of successful interference by any third Power. Sooner or later Manchuria and a considerable part of Mongolia are destined to fall a prey to Japan and Russia.

In the Far East, therefore, it is inevitable that so long as the United States persists in her present policy she will remain isolated. The position of Germany in Shantung precludes her from seriously joining in any movement that has for its object the enforcement of the Open Door in the literal sense of the term. Even assuming that the United States and Germany were to join hands in defence of down-trodden China, it cannot be imagined that either of these Powers would be prepared to force the issue by going to war with the rest of the world. At the same time it has been clearly demonstrated that China is merely seeking to make use of them for her own ends, and it is certainly open to question whether the astute diplomatists that both countries possess will allow themselves to be used as the catspaw of so pathetic a Machiavellianism. There are already signs that America is growing weary of her self-appointed and unprofitable task, and the way is gradually being paved for an understanding between Russia, France, Japan, Great Britain, and the United States in regard to Far Eastern Affairs. Such an understanding would offer to America adequate compensation, inasmuch as she would be associated with Great Britain in dealing with the problem of Asiatic emigration, and would be relieved of the tension which arises from the ever-present fear that Japan is about to

attack her in the Pacific. Nor is there any reason to doubt that a broad understanding such as I have suggested would effectually guarantee the integrity of China. Whatever may be the outcome of this aspect of the situation the inexorable fact remains that Russia, France, Japan, and Great Britain are to-day in complete accord as to the main principles of their respective policies throughout the world.

# APPENDIX A

*The Japanese Minister to the Wai Wu Pu, January* 31, 1910.

YOUR EXCELLENCY,

I formerly had a verbal interview with President Liang Tun-Yen on the subject of the Chinchau-Aigun Railway, and stated clearly to him the expectation of my Government. I also telegraphed my Government for instructions, and now have a reply to the effect that this matter must be considered with extreme caution. My Government is now considering it, and cannot hastily formulate its demands; but as I formerly stated in my verbal interview, this is a matter which vitally affects Japan's interests. Before the Chinese Government determines anything, the consent of my Government must first be obtained. If the position of my country is ignored, and a decision is made without referring the matter to my Government, it will be hard to estimate the seriousness of the trouble that may be caused in the relations of the two countries. I am therefore instructed to warn the Chinese Government that it must realise the necessity of caution.

With compliments, &c.,

IJUIN.

*The Russian Minister to the Wai Wu Pu, February* 2, 1910.

YOUR EXCELLENCY,

Your Excellency formerly inquired of us verbally as to the view which my Government would take of assisting in the construction of the Chinchau-Aigun Railway. I referred the matter to my Government, and now have the following reply:—

The Russian Government regards this matter as one of extreme importance, and until it has been carefully considered no reply can be made to China.

The Russian Minister is ordered to state clearly what he has already stated to the Wai Wu Pu, viz.: that the Russian Government expect that China will not settle any such matter without first consulting Russia. Otherwise there will be trouble in the relationship between these two countries.

A necessary despatch, &c.

KOROSTOVETZ.

*The Russian Minister to the Wai Wu Pu, February, 4, 1910.*

YOUR EXCELLENCY,

I have received a note from St. Petersburg regarding the concession to America to build the Chinchau-Aigun Railway.

The Russian Minister in America has already received instructions to give Russia's reply concerning the railway to the American Government as follows :—

Since America has invited Russia to participate in the construction of the Chinchau-Aigun Railway, and has consented to Russia's desire to take time for careful consideration of the matter before making a reply, the opinion of Russia is that, in not notifying Russia, and in not considering that in case Russia did not take a share, she would oppose the undertaking, America is conscious of having made a mistake and has therefore stopped the loan negotiations. Russia expects that nothing will be settled without first obtaining the consent of Russia.

I now transmit to Your Excellency the general sense of the above communication, and notify Your Excellency that this matter must not be recklessly settled without first having obtained the consent of Russia.

A necessary despatch, &c.

KOROSTOVETZ.

*The Russian Minister to the Prince of Ch'ing, February 8, 1910.*

YOUR IMPERIAL HIGHNESS,

I formerly had a verbal interview and also sent notes to the Ministers of Your Highness' Board on the subject of the Chinchau-Aigun Railway. I have now received my Government's instructions in regard to the reply to the American proposition for the neutralisation of the Manchurian Railways, and the construction of the Chinchau-Aigun Railway, in the form of a memorandum, which I forward herewith.

A necessary despatch, &c.

KOROSTOVETZ.

## MEMORANDUM IN REGARD TO THE CHINCHAU-AIGUN RAILWAY.

*Transmitted to the Prince of Ch'ing by the Russian Minister, February 8, 1910.*

In respect to the expressed intention of the American Government to build a railway from Chinchau to Aigun, the Russian Government must declare that this road would seriously affect the interests of Russia. This railway when completed would not only connect from the South with the Northern Manchurian Railway, but at Aigun it would reach the actual territories of Russia. Thus it would affect both military and political arrangements, and would materially change the relations of the Manchurian Railways to Eastern Mongolia and Northern Manchuria. Therefore this must be inquired into, and an acceptable method of procedure must be decided upon, and it cannot be permitted unless the Russian Government first knows the particulars of the proposed arrangements. The Russian Government wishes to go into this matter very carefully, and expects that the plans will first be communicated to it. After carefully examining the plans the Russian Government will reply as to the construction of the railway, and will issue a definite *pronunciamento* as to the conditions on which this railway may be built.

In regard to all future railways in Manchuria which China may propose to build with foreign capital, the Russian Government must be first consulted, and must first consider if the plans have any consequence to the military and political interests of Russia, or to the Northern Manchurian Railways, thereafter determining what must be done to balance the influence of the arrangements made for the said railways.

*The French Minister to the Wai Wu Pu, February 18, 1910.*

YOUR EXCELLENCY,

The Government of the French Republic, with the idea that it is in the interests of China to avoid everything which may occasion complications or difficulties in the Extreme Orient, and to maintain harmonious relations among the Powers now having interests in Asia, desires to recommend to the Imperial Chinese Government not to conclude an arrangement on the subject of the railway between Chinchau and Aigun without previously having come to an agreement with the Russian Government and the Japanese Government.

DE MARGERIE.

*The Japanese Minister to the Wai Wu Pu, February* 14, 1910.

YOUR EXCELLENCY,

The Imperial Government of Japan looks upon the construction of the Chinchau-Aigun Railway as a matter of great importance in its effect upon the prosperity of the South Manchuria Railway. Yet the Chinese Government has for its aim in constructing this railway the development of Manchuria and Mongolia. The Japanese Government takes this into consideration, and makes the following propositions with a view to assisting in the construction of the road :—

I

Japan will participate in the construction of the Chinchau-Aigun Railway by sharing in the loan, furnishing engineers and railway materials, and participating in the construction work. The rules under which such participation shall take place will be amicably arranged with the Powers concerned.

II

In order to connect the Chinchau-Aigun Railway with the South Manchuria Railway, China will construct a branch line from some station on the Chinchau-Aigun Railway towards the south-east, to some station on the South Manchuria Railway. The locomotion of the said line, and the point at which it shall connect with the South Manchuria Railway, must be settled by suitable discussion with the Japanese Government.

It will be observed that the Japanese Government overlooks the important consequence to the South Manchuria Railway which will be caused by the construction of the Chinchau-Aigun Railway, but certainly the reason for assisting in the construction of the Chinchau-Aigun Railway is because the projected line of the railway, starting from Chinchau and passing through Taonanfu, is at a great distance from the South Manchuria Railway. If the proposed location of the railway is to be materially changed, the Japanese Government will have a concern in this and will expect to be consulted.

IJUIN.

*The Russian Minister to the Wai Wu Pu, March* 4, 1910.

The Wai Wu Pu formerly asked the Russian Minister verbally for the views of the Russian Government on the project of China to

construct a railway from Chinchau to Aigun. The Russian Minister notified the Russian Foreign Office so that it might take it into consideration. A telegram has been received directing the Russian Minister to state that the Russian Government, having carefully considered the proposal of China to build a railway from Chinchau to Aigun, has concluded that it would result in serious injury both to the Russian frontier defences and to her commercial interests.

In the twenty-fifth year of Kuang Hsu (1899) the Chinese Government declare that in constructing all railways northward from Peking, capital would be borrowed from no other country than Russia. The Russian Government would not be disposed to insist upon China complying with her former promise in this matter of her borrowing capital for the construction of railways if Russia's frontier defences and profits in respect to the Manchurian Railway were not affected. The Russian railway experts have reported that the Chinchau-Aigun Railway cannot fail to take from the Russian Manchurian Railway profits on transportation to the amount of 5,000,000.00 roubles annually, and will ruin the property which China has a right to regain after a period of twenty-nine years, or which will revert to China free of cost after a period of seventy-three years.

The Russian Government is of the opinion that the capitalists concerned in this enterprise have no other object in making the loan than the obtaining of profit, and that they have no political aims. If, therefore, the railways which it is proposed to build from Chinchau to Aigun should be constructed elsewhere, the commercial advantages would be equally great, while Russia would suffer no injury. The foreign capitalists should have no objection to this. In view of the above considerations, the Russian Government now proposes to the Chinese Government that instead of building a railway from Chinchau to Aigun, it build a line connecting with the Peking-Mukden Railway from Kalgan to Urga, and thence northward to Kiakta on the Russian border. It is understood that China has long had an intention to build this railway, so that China and the foreign nations would be of one mind about this. The difficulty of China which has caused her to hesitate up to the present is that since this railway would not connect with the trans-Siberian Railway it could not be very profitable. The Russian Government would not be averse to establishing such a connection, and would be willing to build a branch road from a station on the railway in the Province of Trans-Baikalia to Kiakta. But in the event of China's building this Kalgan-Kiakta Railway, she should allow Russian capitalists to be responsible for building the section from Urga to Kiakta.

The Russian Government greatly hopes that the Chinese Govern-

ment will see clearly into this proposal the mutual advantages which would accrue to both countries.

The Russian Government would gladly accede to the wish of the Chinese Government to build a railway in Manchuria with borrowed capital if it did not affect Russia's frontier defences and the profits of the Manchurian Railways. Therefore Russia now brings forward this proposal, and trusts that the Chinese Government will show a friendly spirit in helping to carry it out. The American and other Governments concerned have already been notified of the views of Russia.

A necessary despatch, &c.,

KOROSTOVETZ.

*The French Minister to the Wai Wu Pu, March* 4, 1910.

YOUR EXCELLENCY,

The Government of the French Republic desiring to get settled the question of the railways in the north of China originally brought up by the proposal of the Government of the United States in connection with the construction of a railway between Chinchau and Aigun, by way of Tsitsihar, believes, however, as it has already been known to the Chinese Government, that this project (Chinchau-Aigun) cannot be realised without the risk of raising certain complications, unless by agreement with the Governments principally interested, notably Russia; now convinced, besides, of the unfavourable consequences to Russia which the projected railway may have in relation to her northern frontier and the commercial interests of the Manchurian Railway, the French Government thinks, with the Imperial Government of Russia, that the interests of the financiers who have proposed to China, with a purely commercial object, a loan for the construction of the Chinchau-Aigun line, will be fully satisfied if the Chinese Government should construct with the aid of the same financiers, the prolongation of the Kalgan Railway toward Urga and Kiakta.

The Government of the French Republic being convinced that the construction of this line in an important Chinese region would not give rise to any political question, and, besides, having been fully considered, would likewise offer serious advantages to China, it (the French Government) would consequently see with particular satisfaction the Imperial Chinese Government accept the propositions which have been submitted in this connection by the Imperial Russian Government.

DE MARGERIE.

# APPENDIX E

## CONVENTION BETWEEN RUSSIA AND JAPAN IN RELATION TO MANCHURIA, CONCLUDED ON JULY 4TH, 1910.

THE Imperial Governments of Russia and Japan being sincerely attached to the principles established by the Convention concluded between them on July 30, 1907, and being desirous of developing the effects of this Convention with a view to the consolidation of peace in the Far East, have agreed to complete the same arrangement in the following manner:—

(1) With the object of facilitating communications and developing the commerce of the nations, the two high contracting parties agree to extend to one another their friendly co-operation with a view to the improvement of their respective railway lines in Manchuria, and the perfecting of the connecting services of the said lines, and to abstain from all competition prejudicial to the realisation of this object.

(2) Each of the high contracting parties undertakes to maintain and respect the *status quo* in Manchuria resulting from all the treaties, conventions, and other arrangements concluded up to this date, either between Russia and Japan or between those two Powers and China. Copies of the said arrangements have been exchanged between Russia and Japan.

(3) In the event of anything arising of a nature to threaten the *status quo* mentioned above, the two high contracting parties shall enter each time into communication with each other with a view to coming to an understanding as to the measures they may think it necessary to take for the maintenance of the said *status quo*.

# BOOK VIII

## CHINA

# LXXI

## THE AWAKENING

[*The following chapter was written early in the year* 1910. *As, however, it throws some light on the general state of China in pre-revolution days, the author has decided to include it in this work, in spite of the fact that the period covered is dealt with, and in somewhat re-capitulatory form, in Chapter LXXII. entitled "The Constitutional Movement."*]

To the student of nations there can be no more fascinating problem than that which is suggested by the existing situation in China. It is a problem fraught with possibilities so immense as to appal the imagination—a problem, moreover, possessed of world-wide significance no less than world-wide interest, and characterised by an ever-changing complexity which has again and again baffled serious investigation and falsified reasoned speculation. The dramatic entry of Japan into the comity of nations turned the eyes of the West towards the East. Men wondered whether or not China, stirred by the force of an example so close at hand, would arouse herself from the slumber of ages to claim a place among the enlightened Powers of the world. The inauguration of sweeping reforms throughout the Empire seemed to indicate that progressive forces had begun to move in earnest. People who paid brief visits to the country, and whose opportunities for observation were necessarily limited, did not hesitate to declare that China had actually awakened, and that within a few years she would attain to a degree of national efficiency that would be equal, if it did not excel, that already achieved by Japan. On the other hand, serious students who had the advantage of long residence in China, strongly deprecated any undue optimism in regard to the general situation. While not slow to recognise that there were abundant evidences of a promising nature, they urged with considerable force that until the source of all the evil that withered the land—the deep-seated corruption and wilful maladminis-

tration of the Central Government at Peking—had been thoroughly cleansed, it could not truthfully be said that an era of genuine reform had dawned. Thus in relation to existing conditions we have two distinct schools of publicists, one of which lends its authority to the final verdict that China is awake; while the other, a better informed and in every way a more dependable guide, takes the cautious view that she has opened her eyes, and is gazing in wonderment at the world of progress around her, but that she has, as it were, not yet made up her mind to rise from her bed. Whichever opinion may be correct, the all-important fact remains that to-day extreme optimism is not met with extreme pessimism; in other words, in no quarter is it denied that since the poignant lesson of the Russo-Japanese War was presented to China she has, solely of her own volition, made material advancement in many directions tending towards national efficiency. Foreigners who have dwelt long in the country, and who have come in close contact with the people and their customs, are, by reason of their experience of the past, disinclined to commit themselves hastily to anything in the nature of a definite judgment. China has shown fitful signs of awakening before to-day, and she has fallen into deep slumber again.

But of the present movement towards reform it can be said, without the least fear of contradiction, that at no time in her modern history has she made a more determined effort to shake off once and for all that sickly lethargy which so long sapped the vitality of her people, and so frequently threatened her existence as an independent nation. Should the forces of progress gain, and without serious interruption of any kind continue to enjoy, complete ascendancy, then the rise of China to a place among the leading Powers cannot long be deferred. It is impossible to over-estimate the magnitude of an evolution such as this would involve, and the far-reaching character of the influence it would exercise on world-politics. A strong and prosperous China would end for ever the aggressive domination of the white races. The late Sir Robert Hart recently remarked that years ago the first Minister in the State, Wen Hsiang, said to him, "You had

better let us sleep on; if you will awaken us, we'll go further and faster than you'll like!" "They are awake now," commented Sir Robert, "and the new learning is at work all over the country, but mistakes will be made, and the crop will not yield so much or so quickly as has been anticipated. It is no easy task to force four hundred millions of people into line, and yet time will see changes, and the apostles of the new learning will have scholars, and the end will be the product of evolution at work, and the fittest will survive." It is no easy task to convey an adequate idea of the full meaning and significance of this awakening. It means that a people numerically exceeding the Japanese by tenfold, and as individuals more thrifty, more industrious, more honest, and, generally speaking, more capable than our allies, are preparing to throw their full energies into the world's competition for trade and commerce. At their command will be immense resources, comprising every staple article that the mind can conceive as necessary for the needs of man. For many centuries these resources have lain neglected; and although within recent years there have been, largely as a result of foreign enterprise, isolated instances of development, these have only affected small areas compared with the vastness of the whole field that awaits exploitation. To give anything approaching an adequate, and at the same time detailed, idea of the potential wealth of China would be impossible. The Central Administration itself has taken no serious measures to ascertain the value of the assets over which it exercises control. Occasionally, however, we hear from foreigners, whose competence to judge can be relied upon, brief and singularly illuminating details concerning their investigations into certain resources in which they are particularly interested. For instance, a German expert has calculated that in the provinces of Honan and Shansi alone there is sufficient coal to supply the entire needs of the world for a period of 2000 years, supposing the consumption to be 600 million tons annually; while Japanese experts visiting only one of the many iron ore fields—that at Tai-Yeh—expressed the opinion that there were 200 million tons of iron in existence, and added that they would like to start

an iron foundry with the refuse, which consists "of all the extracted pieces of ore that do not measure an inch, and which have been thrown aside, so that the fields are covered with these fragments." Such scraps of information are merely selected at random as illustrative of the multitude of reports prepared by foreign observers, telling of the enormous potential wealth of China. Apart altogether from material testimony of this kind, it is manifest that there must be illimitable opportunities for intelligent economic development in a country so vast as to comprise five million square miles of territory, stretching from the borders of India to the eastern shores of the Pacific—a country where the rivers, the mountains, and the plains are on a scale with its immensity, and where every kind of climate known to this world is experienced. When it is remembered that China is half as large again as the United States, excluding Alaska; that, leaving out of consideration altogether the several dependencies that owe her tribute, the smallest of the provinces that constitute the Empire proper contains a population of six or seven millions, while that of the largest reaches sixty or seventy millions; and that each province is sufficiently extensive to contain a kingdom, some faint idea may perhaps be derived of the importance to be attached to the present movement of the progressive forces throughout the length and breadth of the land. Should these progressive forces gather strength, and endure until they place China in the forefront of the nations, a task infinitely greater than that so successfully undertaken by the makers of modern Japan will have been accomplished. It may be in a future as yet remote that the far-reaching results of the rise of Japan to power will overshadow that event itself; in other words, that men will cease to marvel at her extraordinary achievements of recent years, and will simply say of her that in awakening she disturbed her slumbering sister, China. But it stands to reason that China cannot attain to national efficiency with the same rapid precision as that which was so remarkably characteristic of the transitional period in Japan. The vastness of her territory in itself presents serious obstacles to reform.

It is related that until Western nations broke in upon their seclusion the Chinese knew the world merely as China, fringed round by a few semi-barbarous States, all of which paid not unwilling homage to the Son of Heaven; and that in the Middle Ages the Japanese were merely looked upon by them as a race of sea pirates who, from time to time, ravaged their coasts. Only fifteen years ago, when China was at war with Japan, the southern provinces regarded the conflict as an affair solely belonging to the northern provinces, and the authorities at Canton even went the length of demanding from the Japanese the return of some revenue cutters on the ground that they had been captured by mistake. Considerable time elapsed before the inhabitants of Central China even heard the news that a war had been fought. The extension of communications and the stimulation of public opinion, by means of the spread of education, is gradually creating a national sentiment, and to-day there are numbered among the people of the south some of the most ardent reformers to be found in any part of the Empire. The masses, however, are still fettered by ancient custom, and are steeped in the conservatism of Confucian teachings—teachings which, as Sir Robert Hart has observed, have produced a singularly law-abiding people, intelligent, frugal, industrious, and contented, with a common-sense view of life; but teachings, nevertheless, he added, which have the defect of their very qualities, inasmuch as, while excellent for domestic guidance, they do not supply what the present times of foreign intercourse demand — the strength that enables a people to hold its own against external aggression. It has at last been recognised that the requirements of a modern State call for educational methods on modern lines, and there are everywhere evidences to show that a real start has been made in the widespread dissemination of Western learning.

A nation can never permit itself to become old, for, like an individual, it is exposed to the risk of senility. Conscious of a history dating back five thousand years, and still living in the memory and adhering strictly to the customs of an ancient civilisation that at one time spread its light to all parts of Asia, China has been on the verge of a fatal dotage. At

last, after a series of violent shocks to her system extending over many years; after her Empire has been shorn of vast territories; and after Japan, to whom in remote ages she imparted her early culture, has risen with upstart suddenness to a foremost place among the nations, China has reluctantly recognised that her ways are out of tune with the times. The individual possessing no special knowledge of Chinese affairs has doubtless grown weary of vague expressions of opinion in regard to the progress of the reform movement, and is desirous of ascertaining, as far as possible, the concrete evidence upon which students of the situation base their belief that an awakening has begun in earnest. Within the limited scope of the present chapter it is only possible to deal with some of the more salient features of the existing conditions. The state of China to-day is rather one of turmoil than of transition. It presents a mass of contradictory elements that require careful sifting in the mind before their relative value can be estimated with anything approaching accuracy. As yet, the forces of enlightenment are still battling with the forces of reaction, and these latter, it should be remembered, are strongly entrenched behind the usages of centuries. The immediate result of so stupendous and so violent a conflict is to be found in the widespread existence of chaos. The picture presented has two distinct sides—a dark side and a light side.

The dark side is to be found in the corruption and incompetence that exist in high quarters in Peking, in the bartering of Government posts, in the banishment from office of prominent reformers like Yuan Shih-kai and his immediate friends and colleagues, in the lack of control exercised by the Central Administration over the provincial authorities and its inability to keep the progressive movement free from anti-foreign sentiment, and finally in the continued and aggressive ascendency of Manchu officialdom. In no department of State are the evils of this maladministration so transparent as in that which has charge of the national finances. The need for a drastic reorganisation in this quarter was admirably summarised by the correspondent of *The Times*. "There is certainly room," he wrote, "for financial reform in China, where no budget is issued; where nineteen different

kinds of dollars of different exchange value are current, besides newly coined taels, Chinese rupees, and an infinite variety of copper coins and brass cash; where debased subsidiary coinage is issued and not accepted at its face value by the Government issuing it; where an unlimited provincial note issue, without a bullion reserve, and other irregularities exist that make China a paradise of the money-changers and its currency confusion greater than in any country under heaven. In Peking five different dollars are current. In the adjoining Shansi province only British dollars are accepted without discount, while in the benighted telegraph service in many stations, even so near Peking as Kalgan, no dollars are accepted, but only silver bullion cut with a hammer and chisel. The inland taxation of the Empire as at present designed hampers industry, increases the trade depression, adds to the burdens of a trade already suffering, and prevents the growth of national wealth. Yet the possibilities of trade and commerce in China under a rational financial administration are simply infinite."

At present sixty million taels must be devoted annually to the service of foreign debt. Little more than this total is received from the provincial governments, and were it not for the revenue from the Customs and the railways, China under her existing financial system would be hopelessly insolvent. As it is her position invariably borders upon the precarious. Between the Central Government and the provincial authorities there is a constant tug-of-war, and in the end the millions of patient toilers are the sufferers. So long as its demands are complied with, Peking cares little for the methods of exaction employed for the purpose. The only class to benefit directly are the officials, who take good care that a large proportion of all money passing through their hands is transferred into their spacious pockets. When the Powers press for the abolition of *likin*—the iniquitous taxation of goods in transit inland—China declares that she cannot do without this source of revenue unless she is permitted to raise her import duties. As the revenue from the Customs has been hypothecated in connection with foreign loans she is not able to enjoy freedom in fiscal matters. But on this score there is no occasion for her remaining in

her present financial muddle. Providing that all irregular levies and time-honoured "squeezes" are abolished, that the thousands of superfluous officials and retainers who prey upon the masses are discharged, and that honesty and efficiency take the place of corruption and maladministration, there is no reason why China should not become the richest nation that the world has ever known. The land tax alone may be cited as an instance of her potential wealth. No less an authority than Sir Robert Hart calculated that one half of the superficies of land capable of paying a tax would produce an annual revenue of four hundred million *taels*. It was his opinion that a complete reform in the administration and collection of the Land Tax could be accomplished in all the eighteen provinces within a period of three years, and he estimated that at the end of that time the yield would be sufficient to meet all annual expenditures of the State.

Then there is the bright side to the picture. Signs are not wanting that the gathering force of a healthy public opinion will eventually succeed in dislodging the reactionary influences from the Central Administration. In spite of the fact that the incompetence and corruption of Chinese officialdom finds its inspiration in Peking, nowhere in the land are there more evidences of the changing times than in the metropolitan province, and particularly in the capital itself. Within the last few years the whole life and aspect of Peking have been completely transformed. It is now a city well equipped with facilities that make for municipal and educational efficiency. "The old order passes—nay, has already passed"—wrote Mr. Valentine Chirol, the Foreign Editor of *The Times*, who visited Peking as recently as the end of last year. "Outward and visible changes are conspicuous at the very first glance. The railway from Tientsin has torn a breach through the outer wall of the Chinese city, and the train, whistling past the Temple of Heaven, pulls up just outside the great Chienmen gate of the Tartar city, almost within sight of the yellow-tiled roofs of the inner Imperial city. European carriages and Japanese jinrickshas have to a great extent displaced the old springless Peking cart, and a few minutes' drive along a good road now brings one to the British Legation, one of the few buildings in the European quarter

which has survived the storm and stress of the Boxer upheaval. Even those Legations which were not hopelessly damaged during the siege have for the most part been pulled down to make way for new and more stately edifices, erected at a lavish expenditure out of the proceeds of the indemnity imposed upon China. With their extensive compounds and the spacious quarters provided for the foreign garrisons, the representatives of most of the Powers—and not only of the Great Powers—possess to-day in Peking far more imposing residences than any of their ambassadors in the chief European capitals. As the cost of living has increased enormously and their salaries have not been raised, the change is not, perhaps, one which they altogether appreciate. Foreign banks and foreign shops have followed suit, and the Wagons-lits Company has built one of its usual palace hotels, which, by the way, is always crowded. As one looks down upon it to-day from the old walls, the foreign quarter, in which no Chinese is now allowed to reside unless in the service of foreigners, presents, with its broad military glacis separating it from the rest of the Tartar city and its elaborate system of defences, a very significant spectacle, which must afford to all observers, and more especially to the Chinese, much food for reflection both upon the artistic methods of cosmopolitan architecture and upon the political wisdom of Western statesmanship. In conversation with a Chinese official I happened to mention the European quarter amongst the many interesting changes which had occurred since my last visit to Peking. 'Yes,' he replied, with an inscrutable smile, 'but it cannot be half so interesting to you as it is to us—who have paid the bill. Sir Claude Macdonald need not have written that inscription, "Lest we forget" on the walls of your Legation. It is writ large enough all over the diplomatic quarter—in bricks and mortar.' Material changes are by no means confined to the European quarter. Most of the great thoroughfares, both in the Chinese and the Tartar city, have been macadamised, and many of them have been planted with trees. Besides the Northern line from Tientsin and Manchuria, two other lines of railway now run into Peking, the much-talked-of line from Hankau on the Yangtze, and another, to the west,

built entirely by Chinese enterprise, which already pierces the Great Wall and within a few weeks will have reached Kalgan. Electric light is supplied throughout the capital, and water is now being laid down in pipes from the western hills. The unwieldy and chaotic traffic of former times has been got under control, and is regulated with considerable efficiency by a smart khaki-coated police force . . . The streets are altogether much better kept, and though here and there one may still be reminded of the old-time odours of Peking, there has evidently grown up amongst all classes a new sense of cleanliness and public decency, conforming to new social standards. Changed also is the attitude of all classes towards the foreigner. Whatever else it may mean, it represents, at any rate, a complete departure from the old principles of rigid isolation. It is no unusual thing nowadays to meet Chinese officials of high rank dining at foreign houses. I had the privilege of visiting several of them, either in their official or their private residences, and was invariably received with open demonstrations of courtesy and even cordiality—in strange contrast to the furtive mystery which surrounded the visits paid during my first stay in Peking to the one or two Chinese houses willing to admit me."

The abolition of Manchu garrisons throughout the Empire, and the provision made for their absorption in the general community, was regarded as a sign that the Government was slowly yielding to national sentiment, which is, of course, opposed to enjoyment of exclusive privileges by the ruling race. So long, however, as high Manchu dignitaries arrogate to themselves the principal offices of State, and so long as classical erudition is placed before statesmanship, progress will be hindered at every turn ; but that under no circumstances can it be altogether arrested is already manifest. The spirit of patriotism, kindled as a consequence of the Russo-Japanese War, has spread like wildfire throughout the length and breadth of the land. Students returning from Japan have gone among the masses telling them that intellectually they must equip themselves equally as well as Western peoples if they are to safeguard their liberty and their homes from outside aggression. With a rapidity almost magical, schools

and colleges have risen in all parts of the country. Where no suitable building could be obtained, idols have been taken down from altars, and temples converted into educational establishments. Not only children but their elders of both sexes have eagerly flocked to the seats of learning. Classical examinations are no longer necessary for official appointments, serious attention is being paid to industrial and technical training, and the study of Western languages finds encouragement in responsible quarters. Newspapers are published in all important centres, and are allowed some measure of latitude in criticising Government officials and their policy. Shanghai boasts of no fewer than sixteen daily journals, the circulations of which in some instances exceed 10,000 copies. Peking and Tientsin each have three daily publications. At public meetings and gatherings of various kinds, the state of the Empire is criticised with a candour that, but a decade ago, would have brought down upon its authors the punishment of nothing short of decapitation. In response to the popular demand for representative government, deliberative assemblies have been convened in each province preparatory to the summoning of a Parliament, which, according to an Imperial Edict issued on August 27, 1908, will take place in 1917. Moreover, steps have been taken to improve the forces of the Empire. At present China possesses only four cruisers of small tonnage together with a number of lesser craft, which are principally employed in protecting the coasts from piratical raids. While her defeat in the war with Japan deprived China of a number of ships, the demands of the Powers for leased territories compelled her to surrender several fine harbours suitable for naval bases. Consequently, before she can make any considerable additions to her navy, she has not only to train men with which to man the ships, but also to provide facilities for sheltering, docking, and repairing. In pursuance of a more or less settled policy of reorganisation, Nimrod Sound, where there is an anchorage equal to any in the world, is to be the new naval base; while four educational establishments have been founded—a navigation school for 320 cadets at Chefoo, an engineering school for 300 cadets at Whampao, a school for naval artificers at Foochow, a superior naval

college at Peking, and a gunnery and musketry school in Nimrod Sound. The army is also to be reorganised on a plan that will allow of the distribution of thirty-six divisions throughout the various provinces. That there is ample room for improvement in this arm of the nation's forces would appear evident from Dr. Morrison's account of the "grand manœuvres" which were held at the end of 1908. "The manœuvres, as on the two previous occasions," he observed, "were set pieces carefully prepared beforehand, and were no real test of efficiency. There were umpires, so-called, but there was no umpiring. No one was put out of action, even when the troops were firing at each other point-blank in the open and at close range; and no initiative was permitted to the officers on either side. Each side had captive balloons, made in Japan, with Telefunken wireless telegraphy from Germany, and telephones. The material of the troops, who were drawn from the Yangtze provinces, was excellent. Discipline was good. Still there was observable discrepancy in arms, one side having 57 millimetre, the other 75 millimetre Krupp guns; one side having Mausers of the 1888 pattern, the other Japanese rifles of the 1897 pattern; and further, one side having Maxims made in Germany and Hotchkiss machine guns made in Japan, the other Rexer machine guns from Denmark. No guns or arms of British origin were employed. This is due to German influence, exercised by German advisers employed under the Ministry of War in the chief purchasing centres for arms at Tientsin, Shanghai, Nankin, and Hankau, still being powerful enough to exclude British competition—an unfair condition of things that ought vigorously to be challenged."

In the sphere of social reform the most important movement is undoubtedly that directed against the use of opium. According to an official estimate, which is probably under the mark, there are nearly fourteen million smokers of this pernicious drug in China. Imperial Edict has decreed that the habit shall be totally suppressed by 1916; but various authorities differ as to the possibility of complete success being achieved within so short a period. In China, where apart from the Customs no reliable statistics are kept, and where, in consequence of the laxity of the control exercised by the Central Government

over the Provincial Administrations, Imperial Edicts are frequently ignored or only partially carried out, it is difficult to ascertain the exact measure of progress made with any particular reform. That there has been a wholesome revolt of public opinion against opium-smoking and opium-smokers cannot be denied. From time to time accounts have been published describing the voluntary and wholesale destruction of the paraphernalia used by those addicted to the habit. The following extract, taken from the *North China Daily News* gives some picturesque details of an incident which occurred at Shanghai, and which was typical of scenes to be witnessed in all parts of the Empire. "The much-advertised immolation of opium utensils took place at Chang Su-ho's Gardens yesterday afternoon, and had it not been for the obvious earnestness of many of the native spectators the proceedings might have been mistaken for a farce. The roof, balcony, and verandah of the main hall were seething with sightseers, while a thousand or so more were scattered round the site of the coming bonfire and on various points of vantage in the grounds. At 4 P.M., the hour appointed for the bonfire, arrangements had not been concluded, and several tables of opium-smoking utensils still remained untouched. A couple of coolies were engaged in stripping the pipes of their metal work, while others were splitting up the small metal boxes used for holding the drug, by means of a hammer and chisel. Yet another man, armed with a sledge-hammer, was showing his prowess on the delicately fashioned brass lamps. Some of the ivory pipes were sawn up into small pieces, but those intended for the bonfire, which were mostly made of wood, were dipped in a kerosene can and then stacked in two square heaps on a couple of large stones. On one of the tables were two small trays, each containing a complete opium-smoking outfit. A written sheet of paper, accompanying them, stating that they were the offerings of Mr. Lien Yue-ming, manager of the East Asiatic Dispensary, and Kua Kuei-yen, a singing girl respectively. Both these quondam opium-smokers sent in their apparatus to be burnt, with a pledge that henceforward they would abstain from using the drug. To add to the animation of the scene that has been described, a native gentleman, with a reckless

disregard for the spectators' headgear, was letting off bombs at intervals, and as the fragments hurtled through the air and landed on the heads of the crowd there was great amusement among the more fortunate onlookers. The work of destruction being almost completed, Mr. Sun Ching-foong delivered what appeared to be a very powerful exhortation from an improvised platform in front of the hall. Mr. Sun, is Messrs. Siemssen & Co.'s compradore, and his comments on the afternoon's entertainment were received with loud manifestations of approval. But an even greater impression appeared to be made by Mr. Wong Chin-foo, who spoke at some length, and whose remarks were afterwards interpreted by Mr. A. M. A. Evans. This speaker stated that the Committee of the Commercial Bazaar, which had purchased the contents of the Nan Zun-sin Opium Palace, were determined to assist their countrymen in stamping out the opium curse. He was sufficiently familiar with history to be able to refute the common impression that opium was introduced into China by the foreigner; it was consumed by the Chinese three hundred years before the foreigner arrived. No sooner had the speeches concluded than the Chinese Volunteer band struck up, and amid a deafening din from crackers and bombs a light was set to the stack of kerosene-soaked pipes. They burnt up fiercely, and whenever the flames threatened to die down a further supply of kerosene was thrown on them. Then glass lamp-covers, trays, and other utensils were thrown on top of the blaze; and not until the bonfire had nearly burnt itself out did the spectators leave the spot." Substantial proof of the determination of the authorities to suppress opium-smoking is to be found in the fact that a number of officials, unable to give up the habit, have been summarily sent into retirement. In one province at least, Shansi, where the poppy at one time flourished, there is now not the least evidence of its existence. Only the complete disappearance of this harmful plant from all provinces will finally rid China of a habit that for centuries has enslaved her hapless people. That such a result can be accomplished within the comparatively few years laid down in the Imperial Edict is perhaps too much to expect. To begin with, the whole character of Chinese officialdom must be changed;

for in many instances so long as personal profit in the form of bribery is available, it is only too willing to lend sanction to evasions of the law. Apart from this consideration, can it even be imagined, no matter how severe the pains and penalties prescribed for disobedience, that opium-smokers, whose mental vitality has been shattered by long usage of the drug, will find themselves able to abandon the habit within a given number of years? Either they will be driven to smoking in secret, or else will resort to the so-called "remedies," which contain cocaine or morphine, and which have already attained to a considerable degree of popularity. Fears are also expressed that with the disappearance of opium will come the advent of alcohol, and that China will thus lose the reputation she deservedly enjoys of being a sober nation. Unfortunately it is inevitable that with the passing of the greater evil her people should be exposed to the temptations of the lesser. After all, human nature, whether Oriental or Occidental, is fundamentally the same. But were the present rulers of China to accomplish nothing greater than the suppression of opium, even at the expense of the introduction of alcohol, they will have earned for themselves the enduring gratitude not only of their own people but of the civilised world at large. Another movement in the direction of social reform which has made considerable progress, and which deserves special mention, is that directed against the practice of foot-binding among women—a form of torture employed with the object of producing small feet, and compared with which the pains attendant upon tight-lacing are said to be as nothing.

While, however, there is much to be commended in the present state of China, the fact cannot be overlooked that many dangerous elements exist which unless speedily controlled will spell disaster. It is indeed manifest that she is passing through a period of grave crisis. Unfortunately, she is sadly lacking in men gifted with conspicuous ability or even possessing ordinary integrity, and so long as intrigue is the favoured means of gaining high office, she will continue to obscure her own light and will remain groping in the darkness. What China needs more than anything else at present is the constructive statesmanship of a Bismarck or an Itō.

Well-wishers of the country earnestly hope that the hour may bring forth the great administrator. Surely among four hundred millions of people there will arise one gifted with sufficient genius to overcome the strife of warring factions and to force himself to the forefront in an irresistible march towards true progress. But his coming should not be long delayed, lest in the meantime the Empire be torn asunder by a revolution, the horror and devastation of which will appal the whole world.

The people have grown weary of the rule of the Manchus, to whom they attribute the blame for all the loss of territory and prestige to which the Empire has been subjected within recent years. By pursuing its present policy the dynasty is digging its own grave. "During its five thousand years of history," said Sir Robert Hart on one occasion, "China has seen many dynastic changes, and each of them has been ushered in by the failure of the occupant of the throne to fulfil his duties, and by the proved superiority of the leader who establishes himself on the throne thus emptied. Government is, in short, a sort of automatic machine, and various safeguards come into play on every point, so that rule depends not so much on the physical forces of the man in power as on the moral acceptance of his fitness to command by intelligent subjects, who accept the principle of division of labour and who are more affected by right than by might."

It cannot be denied that the Powers have dealt somewhat harshly with China, but her stubborn resistance to outside influences, even when these have been wholly beneficent and disinterested, and the incompetence of her Central Administration, have invited aggression; and it is clear that any considerable disturbances in the future within her dominion, whether in origin anti-dynastic, anti-foreign, or a mingling of both, can only expose her to further loss of territory. So world-wide are the interests involved, that the Powers could not long afford to allow her to remain in a troubled state. Every one who respects patriotism cannot but sympathise with the fervent desire of the Chinese to see the prestige of their country thoroughly restored. It is the unhappy methods they

employ, as exemplified in the "rights recovery" movement, which gives serious cause for anxiety. In this connection it is only necessary to cite the case of railways. India, with a population of about 240,000,000, possesses nearly 30,000 miles of railways; while China, with a population greater by over 150,000,000, can only show about 5000 miles. According to an expert calculation, before railway development in China can compare with that of India another 30,000 miles will have to be built at a cost approximating £200,000,000. The Chinese, however, resent not only the introduction of foreign capital in connection with railway enterprise, but also foreign supervision of its expenditure on behalf of the investors, and are clamouring for the recovery of all concessions granted in the past. Yet, owing to lack of confidence in the Administration, money from domestic sources is not available for the purpose of constructing new lines. Moreover, in every instance where the Chinese have exercised control over the undertakings—with the single exception of the railway from Peking to Kalgan—grave monetary scandals have occurred, and, in consequence of this and other reasons, the workmanship has been hopelessly inefficient.

Were China to reorganise her national finances she would have ample funds at her disposal for the development of her own resources. In the early days of transition the Japanese spared no expense in securing the services of the best foreign advisers available. Although at the present moment in her history China needs more than anything else intelligent guidance, unlike Japan she stubbornly refuses to learn. Yet, in spite of all the disturbing elements that are to be found in the existing situation, there is no doubt that a movement of progressive forces has begun in earnest. Wisely directed, it will lead to the creation of a powerful State; on the other hand, left to itself, there is literally no telling where it may end.

When Japan triumphed over Russia it was predicted in many quarters that her example and assistance would reinvigorate China, and that allied together they would constitute a "yellow peril." It may soon be realised that the first part of this prophecy is a truism; the second part will

not come within the range of probability until many generations have passed away. At the hands of no foreign Power has China received consideration more scant than that meted out to her by Japan; and at the hands of no Power could she have been subjected to a greater loss of self-respect in consequence of such treatment, for she has never forgotten that it is mainly due to her beneficent influences in the past that her neighbour is able to boast of an "ancient civilisation." It is therefore no exaggeration to say that to-day there are no more implacable enemies among the nations of the world than these two Empires of the Far East. Naturally, Japan is not anxious that China should become a strong and enlightened nation, for this would dispel her vision of a great continental Empire. Thus the conclusion is inevitable that rivalry, and not one, but perhaps several, wars between the yellow races will keep them occupied throughout many centuries, to the exclusion of any ambitious schemes of conquests in the West.

# LXXII

## THE CONSTITUTIONAL MOVEMENT

THREE thousand years ago, when the peoples who constitute to-day the civilised nations of the West were in an embryonic stage of barbarism, to trace or determine which with any degree of accuracy would baffle the most skilled of modern ethnologists, China was basking under the beneficent influences of an enlightened Constitutional Monarchy. Science, literature, and the arts possessed their patrons and their disciples; the people, happy and prosperous, enjoyed a generous share in the national and local administration of their country; and the spirit of progressive democracy animated the life of the community. Little wonder was it, therefore, that her more powerful but less favoured neighbours cast covetous eyes upon her fair territories, and sought to lay hands upon her ancient heritage. Invasion followed invasion across the centuries, and it was perhaps during a period of alien rule that the Constitutional Monarchy became submerged in that form of centralised bureaucracy with which historians are familiar, and to which the infant Emperor Hsuan-Tung succeeded in the year 1908.

Until within the past decade a certain school among the present generation of critics regarded China as a nation tottering to its fall, whose patrimony had been squandered, whose energies had been spent, and on whom had descended the blight of senility. "Nothing," they cried, "can save her people from the sins of their fathers," and with calm assurance they waited the political absorption of an Empire that had anticipated the civilisations of Greece and Rome. One after another Western writers who enjoyed reputations for far-sighted wisdom lent the weight of their authority to this theory of pessimism, with the consequence

that the world became instructed in the belief that, whatever might have been her past glories, China, having become a land of effete institutions, corrupt administration, and barbarous practices, possessed neither the power nor the purpose necessary for bringing about national regeneration. On the other hand, the writings and teachings of eminent sinologues made little impression outside a select circle of scholars and of those whose interests were bound up with the country. With few exceptions the organs of Western journalism displayed an habitual apathy in regard to the progress of China's evolution, merely publishing information calculated to supply sensational headlines, and thus making no effort to correct the popular fallacy concerning the sad fate that was so swiftly overtaking the benighted people of the Middle Kingdom. In the years that followed the Boxer Rising, however—a period which may be said to comprise the short life of the Constitutional movement in China—there was brought about a complete revision of opinion, the tendency being rather to exaggerate the virility of her people than to commit them to the graves of their ancestors.

It is to the year 1898 that we must turn in order to find the first real assertion of progressive influence in modern China. The late Emperor, Kuang-Hsu, had summoned round him men who held advanced views, chief among whom was Kang Yu-wei, the "modern sage," as he was known to his countrymen. At the instigation of this truly remarkable man the young Emperor issued a series of enlightened edicts which, could they have been carried into execution, would have revolutionised the national polity. A Court cleavage was the immediate sequel. Then followed the memorable *coup d'état* which gave the Dowager Empress supreme power, and reduced her well-meaning nephew to the position of a puppet. But even had the Emperor succeeded in overcoming the conservative opposition that centered in the capital, it is extremely unlikely that a sufficient number of officials possessing the requisite integrity would have been found effectually to carry out the reforms that it was his intention to inaugurate. Most of the prominent leaders in the new movement were sent to their death. Kang Yu-wei himself narrowly escaped

capture, but succeeded in fleeing the country, being assisted by the British Government, who provided him with a passage to Hong-Kong in one of her Majesty's warships. The triumph of the reactionaries was short lived. With the ascendency of the Empress Dowager the evils of State corruption became intensified, and the Government proved itself utterly incapable not only of administering the internal affairs of the Empire, but also of following any correct or consistent policy in relation to the Powers, who, on one pretext or another, had for some time been pressing China for valuable concessions. As the inevitable outcome of such a situation an anti-foreign spirit, which may be said to have had its inception from the moment that Russia, France, Germany, and England acquired territorial possessions on the mainland, suddenly culminated in the Boxer rising of 1900. Seeing no other way out of their dilemma, the Manchu party, at whose head, of course, was the Empress herself, lent their sanction and support to the movement, in the hope that the "foreign barbarians will be driven into the sea." The siege of the Legations in Peking, the taking of the Taku forts by the international fleets, the investment of Tientsin, and the subsequent flight of the Court before the allied forces who were marching on the capital, were the outstanding features of the great anti-foreign rising of 1900, which, as I have said, although of independent origin, came to receive sanction and direction from within the walls of the Forbidden City. By the terms of the Peace Protocol the Chinese Government agreed to pay indemnities to the Powers concerned, while the punishment of death or banishment was meted out to most of the high officials who had taken an active part in the outbreak. A year later the Court returned to the capital, and it was not long before the Empress Dowager showed signs that, in a measure at least, she had learnt the lesson of China's humiliation. Imperial edicts were issued bidding the people to cultivate friendly relations with foreigners, while some effort was made to reform the Central Administration. From Shantung, where in the early days of the rising he had been sent to replace the notorious Boxer, Yu Hsien, who was removed in compliance with the insistent demands of the diplomatic body at Peking, Yuan

Shih-kai received promotion to the viceregal post in the Metropolitan Province.

It was during his residence in Tientsin as Viceroy of Chihli that Yuan Shih-kai instituted many of the great reforms which will be associated with his name. Following upon the good work undoubtedly accomplished by the Tientsin Provisional Government—an authority constituted during the temporary occupation of the city by the foreign military forces after the Boxer outbreak—he founded a bureau having for its object the collection of information concerning local government; and thus under his own personal supervision the leading Chinese, both merchants and gentry, were afforded facilities for the acquirement of what might be termed an education in municipal matters. On his initiative and under his guidance the administration of the city was revolutionised, and within a few years Tientsin, which formerly had been one of the most ill-governed places in China, was looked upon by the Chinese as a model municipality. Among other things undertaken by Yuan Shih-kai were the introduction of electric lighting, electric trams, waterworks, and sanitation. Streets were widened and improved, and a police system was organised. The Chinese populace were bewildered by the evidences of Western civilisation which sprang up in their midst. Hitherto they had lived under conditions of squalor, in dark and narrow streets. Suddenly, as it were, the dirt which had accumulated for ages was swept away and the light of progress illumined their lives. Yuan Shih-kai did not neglect the education of the people. He established universities at Teintsin and at the nominal provincial capital, Paoting-fu, and engaged staffs of foreign teachers, who held all the responsible positions. His system was not limited to the higher branches of learning. Schools were built and equipped throughout the province, and thousands of Chinese, old and young, and of both sexes, eagerly flocked from far and near to these centres of education.

The term of Yuan Shih-kai's vice-royalty in the Metropolitan Province marks an important epoch in the history of China, because not only did it coincide, but it was closely identified with the inception and development of the con-

stitutional movement throughout the country. After the salutary lessons of 1900 the Empress Dowager realised the impossibility of a complete reversion to the old order of things, and consequently the influence of the Manchu reactionary party at Court became for a time almost entirely replaced by that of what might be termed the progressive party, at whose head, of course, was the Chihli Viceroy. Gradually, as his power and prestige increased, he secured the extension of his policy by the appointment to office in the Central Administration of several enlightened Chinese, most prominent among whom was Tang Shao-yi, a Cantonese who had been educated in America; and it was not long before the reforms which he had instituted in his own province were adopted in many other provinces of the Empire. The people eagerly availed themselves of the new facilities for learning, and within a few years the numbers of Chinese, both youths and men, who had acquired the advantages of a primary education on Western principles, had multiplied to an almost phenomenal extent. Meanwhile thousands of students had been sent to the universities of Japan, Great Britain, France, Germany, and the United States; native newspapers began to have a wide circulation throughout the country; and the first glimmerings of the dawn of a public opinion made themselves manifest.

At the outbreak of the Russo-Japanese war the singular spectacle was witnessed of the whole Chinese nation, once so apathetic that during their own campaign with Japan, but ten years before, whole provinces were unaware of the fact that hostilities were taking place at all, watching with breathless interest the fortunes of her Oriental neighbour on the fields of Manchuria. As success followed success to Japanese arms a spirit of inquiry awoke in the minds of China's teeming millions. If in the past, they cried, the Japanese had been able to escape the domination of the white man, and now in open combat were inflicting defeat after defeat upon his legions, why should the Chinese people, whose history showed them to have possessed a civilisation long before Japan had been welded into a nation, for ever submit to the humiliation of being dictated to by the Powers of the West? For the first time the outside world began to realise that

a Young China party was becoming articulate. Large numbers of students who had been sent abroad were returning to the country, many of them having imbued revolutionary ideas in Japan, and their influence was thrown into the scales on the side of popular discontent. Although in the early days of the new movement it was identified with the "rights recovery" agitation which swept through those provinces where valuable concessions had been granted by the Government to international interests, any antagonism displayed towards foreigners was incidental to the real object of the leaders. These men aimed at nothing short of the overthrow of the dynasty and the establishment of some form of a constitutional Chinese regime. But as an instrument for furthering their cause they fostered a specific agitation against the concessionaires, pointing the convenient moral to the people that it was due solely to their effete and corrupt rulers that China was being robbed piecemeal of her possessions. At the time of which I am writing, therefore, the country was divided into three groups of political thought: the Young China party, not openly represented in office, the official reactionaries, and the official progressives. In the councils of State, Yuan Shih-kai and his supporters still prevailed. Their advice to the Throne was animated solely by the motive of saving the nation from disruption, but to carry out their purpose it became necessary to steer a middle course. While, on the one hand, they sought to make concessions to the party of agitation, the dangerous potentialities of which, even at this stage, they were not slow to realise, they were obliged on the other hand to move circumspectly in carrying out their policy; for otherwise the dormant antipathy of the reactionaries would have been awakened, thus rendering their task one of insuperable difficulty. The position will be more clearly understood when it is explained that reform and reorganisation on any adequate scale would have entailed the abolition of those time-honoured perquisites of office which in any other country would have been regarded as public defalcations. The mere mention of reform sent a tremor of jealous resentment through the body of the corrupt Mandar-

inate. In all the circumstances, therefore, it must be conceded that the advisers of the Throne had accomplished all that could have been expected of them when, towards the end of 1905, the Empress Dowager consented to send abroad an Imperial commission, whose functions were to study the constitution of foreign countries, and, on their return, to draw up a report setting forth the result of their labours.

It was in December 1905 that the Manchu Prince, Duke Tsai Tse, accompanied by several high officials, departed on a mission to make a study of "the political conditions and governmental policies of other countries." Originally they had intended to make their departure in the previous September, and, in fact, were on the point of taking their seats in the train when a bomb was exploded, which shattered the carriage and killed several persons. Fortunately, however, the Commissioners escaped injury. The incident has never been satisfactorily explained. In some quarters it was suspected that the outrage was perpetrated at the instigation of the Manchus, who made no effort to conceal their antagonism towards the constitutional movement. Another theory advanced—one, moreover, that obtained no little credence—was that the plot was hatched and directed from San Francisco, where the revolutionary party were represented by an influential secret society. It was suggested that by an act of terrorism the extremists probably hoped to bring about an indefinite postponement of the mission, the success of which might have proved a formidable obstacle to the carrying out of their more ambitious programme.

Duke Tsai Tse and his colleagues returned to the capital in the summer of 1906, and shortly afterwards presented the Throne with the results of their investigations. The matter was referred to an Imperial Committee, comprising some of the highest State officials in the Empire, who, after suitable deliberation, submitted a considered report to the Throne. In spite of a stubborn resistance offered by the powerful Manchu clique at Court, an Imperial decree was proclaimed on September 1, 1906, setting forth that while the supreme control was to remain

in the hands of the Sovereign, the masses were to be given their own representatives, the official system reformed, laws revised, finances and revenues regulated, and, "in a few years' time," constitutional Government inaugurated. A subsequent edict appointed an Imperial Commission to discuss and arrange matters relating to the official system.

To the student of Chinese politics the year 1907 afforded the interesting spectacle of a silent battle for power between the reactionaries and the Progressive party led by Yuan Shih-kai. As Viceroy of the Metropolitan Province, Yuan Shih-kai had set an example in enlightened administration to the whole of the Empire. He was responsible for the abolition of the antiquated system of literary examinations as the test for office; he had identified himself with the movement which brought about the restriction of opium cultivation; and finally he was the leader of the modern educational movement, and the founder of China's modern army. With such a record there is little wonder that he should have made many bitter enemies, chief among whom, perhaps, was the powerful Manchu Tieh Liang. If the secret history of the Court could be revealed, it would probably be found that in the year 1907 many a snare was laid in his path, many a Machiavelian intrigue set afoot to encompass his downfall. But his influence with the Empress Dowager, who unquestionably estimated his abilities and services at their true value, proved too strong for his opponents. In January 1907 a feeble attempt was made to revive throughout the country the study of the ancient classics. An Imperial decree announced the elevation of the sage Confucius from the level of the sun and moon to the level of the heaven and earth, while honours, hitherto only bestowed upon the Imperial ancestors, were accorded to his spirit. Moreover, it was commanded that a college, to be devoted exclusively to the perpetuation of his teachings, be founded at his birthplace, Chu-fu, in the province of Shantung. A further edict, issued a week later, ordained that from henceforth Western teaching was to be subordinate to Chinese studies. This reactionary policy was undoubtedly inspired by the conservative *literati* and the Manchu element, who were becoming alarmed at

the rapid growth of foreign learning throughout the land; but their triumph was short-lived. Dr. Morrison, in a despatch to *The Times*, observed that the attempt met with no favour from the head of the family of Confucius. "The 'holy duke' Yen," he said, "a descendant of the sage in the seventy-sixth generation, is at this moment in Peking returning thanks for the honour bestowed on his ancestor. His views on Western learning are stated in a recent issue of one of the chief native newspapers, an organ of the Young China party. An intelligent man, he recognises the strength of the new movement, urges that Confucianism shall be linked to modern learning, and holds that, whereas the main teaching of the new Confucian College should consist in the cultivation of loyalty, patriotism, the teaching of the Confucian classics, and the worship of Confucius, the curriculum should include social science, the national languages—Chinese, Manchu, Mongol, and Tibetan—foreign languages, physical culture, military drill, and political science. The statement of the views of the 'holy duke' is undoubtedly authentic, and is bound to make a deep impression throughout the country." By the utterly unmerited censure of certain progressive officials, the transfer or degradation of others, and by the appointment to office of prominent opponents to the policy of the Chihli Viceroy, it was clear as time passed that reactionary influences were again abroad.

It would be idle to pretend that the Imperial promises of September 1906 had the effect of satisfying the growing aspirations of the advanced thought throughout the country, and the agitation for the establishmeut of constitutional Government made rapid headway among the provinces. In order, therefore, to counteract popular discontent, the Empress Dowager, acting on the advice of her Ministers, issued in February 1907 an edict in which she promised that, "owing to the dangers overhanging the Empire, a Constitution and a Parliament will be granted to the country." In the following September Yuan Shih-kai was summoned to the capital, and given a seat on the Grand Council. The promotion brought him additional prestige, and, in a sense, increased power: but it robbed him to a large extent

of the independence he had enjoyed as Viceroy and as Commander of the Northern Forces, and rendered him more vulnerable to the attacks of his enemies. But the most competent critics held the view that the appointment was inevitable by reason of the fact that the Central Administration which, for the past year, had indulged in a veritable orgy of corrupt practices, had lost its hold over the provinces, and therefore required the services of a strong man in order to bring about a reassertion of its authority. On September 20, 1907, the Empress proclaimed that in order to pave the way for constitutional government it was first necessary to call together a National Assembly. The edict making known the Imperial will declared that: "As the principle of constitutional government requires that political questions be decided by public opinion, and as the Upper and Lower Houses of a Parliament are the source of political acts, it is extremely urgent that a National Assembly (*Tzechengyuan*) be created to serve as the foundation of a Parliament, inasmuch as the latter cannot be established at present. Accordingly, we hereby appoint Pu Lun and Sun Chia-nai to be the Presidents of the said Council, who, in conjunction with the Grand Council, shall carefully draw up detailed regulations therefor for promulgation."

By a subsequent edict, issued on October 19th, it was provided that Provincial Assemblies were to be formed in the provincial capitals, and in every prefecture and district local assemblies were to be organised. This latest edict ordained that a proportion of members of the Provincial Assemblies would be eligible for the National Assembly.

In due course a memorial, giving their recommendations as to the establishment of a constitution, and setting forth the proposed regulations that were to govern the conduct of the National Assembly and of the Provincial Assemblies, was presented to the Throne by Prince Pu Lun and his colleagues, in which it was stated "that the principle according to the people a share in the discussion of Government matters was familiar to Chinese thought, and that the root idea of a Parliament was not new. A good ruler governed for the advantage of his subjects, and thus promoted peace and harmony. Any method which would make apparent

what was best for the people was a method to be followed. Advice must be sought from the people in order to ascertain their desires, but the law-making power must absolutely and for ever be the prerogative of the Emperor. Parliament was to be used for obtaining the best advice possible, but its proposals were to be advisory only, all actual powers remaining with the Emperor."[1]

On July 8, 1908, the Throne signified its general approval of the terms of the Memorial, and two weeks later the Imperial sanction was given to the regulations providing for the conduct of the Provincial Assemblies, the first sessions of which were ordered to be convened within one year. In the following month (August 27th) the Empress Dowager issued a momentous decree, expounding the general principles that would underlie the proposed Constitution, and promising the creation of a Parliament in the year 1917.

At this stage it will perhaps be as well to state briefly the conditions that ruled in China from the end of the year 1907 down to the closing days of 1908. Corruption was still rife in the Central Administration and throughout the provinces; the party of reaction were striving with might and main to check the progressive policy initiated by Yuan Shih-kai and his protégés; while the Young China party were showing unmistakable signs of a growing vitality. In strange contrast to the apathy of former years, millions of ardent patriots had now taken to heart the lesson of the Russo-Japanese war, a lesson which taught them that their European aggressor, Russia, had been vanquished in battle by their Oriental neighbour, Japan. Hitherto the people had submitted meekly to Manchu government; but now a consciousness of national responsibility was awakening in the individual, and men were beginning to resent the humiliations to which the Empire had been subjected, and to chafe under the maladministration and oppression of their rulers. In all the circumstances, it must be admitted that the task which confronted the Empress Dowager was one of extreme difficulty and delicacy. It would be wrong to attribute any vacillation that may have been apparent in her direction of

[1] *Vide* a despatch to the *Times* from Dr. Morrison, dated October 3, 1910.

the national policy to an incorrigible desire for the reinstatement of that archaic regime which antedated the Boxer rising of 1900. If an edict breathing the very spirit of reform seemed nullified by one of reactionary tendencies, if corrupt officials were given occasional preferment, and men of enlightened views sometimes sent into retirement, then the reason was to be found in the efforts of the Empress to bring about a practical compromise between the opposing elements in the State. Now thoroughly convinced of the necessity for reform and reorganisation, she adopted to the utmost possible extent the wise policy advanced by Yuan Shih-kai and his colleagues. But she could not afford to ignore entirely the powerful Manchu party, of whom she was the national as well as the Imperial head. And here it would be as well to point out that the opposition of the Manchus was not solely confined to the dread of losing those privileges and prerogatives, which could only obtain under a regime of corruption. Ever since the inauguration of the dynasty in 1644 they had harboured a traditional suspicion of the Chinese and their motives, being constantly haunted by the fear that sinister designs upon the Throne might follow in the wake of concessions made to the subject race.

In November 1908, and with tragic suddenness, death brought to a close the nominal rule of the Emperor and the long and masterful regency of the Empress Dowager. The last act of this remarkable woman was to prepare the way for the Imperial succession. It has been stated by some authorities that when His Majesty Kuang Hsu lay at the point of death, the Empress, ignoring the advice of Prince Ching and Yuan Shih-kai, who put forward the superior claims of Prince Pu Lun, called upon Prince Chun, brother of the Emperor, to act as Regent during the minority of his infant son, Pu Yi, in the firm belief that she would survive to carry on the Government of the country. This contention is borne out by the fact that on the morning of her death she proclaimed herself Empress Grand Dowager. On the evening of the same day, however, there came a sudden collapse, and she passed away within a few hours. In her dying moments the Empress Dowager was able to signify her assent to a valedictory decree, which took the form of

an Imperial commentary on the events of her remarkable regency, and of an Imperial exhortation addressed to the infant Emperor, the Prince Regent, and the Ministers of State. The historic document read as follows :—

"I, of humble virtue, had the honour to receive appointment among the Consorts of His Sainted Majesty, my husband, Hsien-feng. The succession to the Throne of my son, the Emperor Tung-chih, in 1861, occurred at a time when rebellions were still raging. The Taiping and turbaned rebels, the Mohammedan rebels, and the Kwei-chau aborigines were in turn causing disturbances and spreading disorder. The coast provinces were in sore distress, and the people in serious difficulties, misery everywhere meeting the eye. Co-operating with the Eastern Empress Dowager, I carried on the Government, ever toiling by night and by day. Acting in accord with the policy enjoined by my sainted husband, I stimulated the metropolitan and provincial officials and the commanders-in-chief, directing their operations and striving earnestly to obtain peace. I employed the good in office, and hearkened to admonition; I relieved the people's distress in flood and famine. By the bounty of Heaven I suppressed the rebellions, and out of danger restored peace.

"When His Majesty Kwang-Hsu succeeded to the Throne the crisis was still more serious; the people were still more reduced by poverty. Within the Empire was calamity, from abroad came recurring peril; and again it behoved me to reform the Government. In 1906 I issued a decree preparing for the grant of a Constitution, and this year I have proclaimed the date when it will be granted. Happily my strength was always robust, and I maintained my vigour. Unexpectedly, since last summer, I have been often indisposed. With affairs of State pressing I could find no repose. I lost my sleep and my appetite until my strength began to fail. Still, I never rested a single day.

"On Saturday occurred the death of the Emperor. My grief overwhelmed me. I could bear up no longer. My sickness is dangerous; all hope of recovery has vanished.

"At the present time a gradual development in the introduction of reform has been reached. His Majesty the new

Emperor is of tender years and needs instruction. The Prince Regent and the Ministers are to aid him to strengthen our nation's foundations. His Majesty is to forget his personal grief, and to strive diligently that hereafter he may bring fresh lustre to the achievements of his ancestors. This is my earnest hope."

During the early days of the new reign many competent observers predicted that an era of peaceful reform had dawned in China. It was pointed out that the Prince Regent, an amiable and enlightened man, had travelled extensively, thus having made himself familiar with the customs and institutions of Western countries. On all sides high hopes were entertained that, under his guidance, the nation would quickly emerge from the shadows of antiquity and would march resolutely forward towards the light of true civilisation. It was expected that the traditional evils which had clung to the inner life of the Court for many generations would at once be exorcised, and that with the purification of the head of the State the process of regeneration would extend to all parts of the Empire. On December 2 the infant Pu Yi was proclaimed Emperor under the reigning title of Hsuan Tung. At the same time the memorable decree of August 27th, promising the establishment of constitutional government at the expiration of nine years, was reaffirmed by an Imperial edict which read as follows :—

"Every one, from the Emperor downwards, must obey this decree. The date of the eighth year of Hsuan Tung fixed for the convocation of Parliament is unalterable. Let no vacillation or indifference be shown, but let every one quicken his energies so that the Constitution may become a fact and tranquillity prevail universally. Thereby the spirits of their late Majesties shall be comforted, and good government be secured for countless ages."

The disillusion of the optimists came swiftly. Precisely one month after the proclamation of the new reign Yuan Shih-kai was summarily dismissed from office and sent into retirement. Although certain writers have attributed his downfall to the obligation of the Regent to appease the posthumous resentment of the late Emperor, in whose forcible

abdication ten years previously Yuan Shih-kai had played an active part, no satisfactory reason was given at the time to account for so ruthless an action. The edict announcing the decision of the Throne merely stated that "the Grand Councillor and President of the Wai-wu-pu, Yuan Shih-kai, in times past has received repeated promotion at the hands of their departed Majesties. Again on our accession we honoured him by further rewards as an incentive to him to display his energy, for his ability was worth using. Unexpectedly Yuan Shih-kai is now suffering from an affection of the foot, he has difficulty in walking, and it is difficult for him to perform rules adequately. We command Yuan Shih-kai instantly to resign his offices and to return to his native place to treat his complaint. Thus is our resolution to show mercy displayed." This transparently childish excuse for sending into retirement the one statesman in whose wise counsels it had been so confidently expected the Throne would place implicit reliance, was merely in keeping with the ways of Oriental statecraft. The true reason of the downfall of Yuan Shih-kai lay in the fact that with the death of the Dowager Empress he had lost his principal support. Indeed, had not this event been accompanied by the death of the Emperor, his dismissal from office would have been precipitated, for it is extremely unlikely that his Majesty would have entirely overlooked the circumstances under which he was betrayed in 1898. But even with this danger averted, Yuan Shih-kai had still to face the bitter opposition of the Manchu and Chinese reactionary cabal, who for years past had been plotting and intriguing to encompass his ruin. At last their hour of triumph had arrived. Amiability, which recent history has shown to have been the cardinal virtue of the Regent, was not proof against the Machiavelian designs of Tieh Liang and his co-conspirators, and Yuan Shih-kai was ignominiously banished from office. In view of the capable manner in which the fallen statesman had conducted the foreign relations of China, and probably fearing that his removal would operate unfavourably upon her internal policy, an effort was made by the diplomatic body to frame a joint-representation to the Throne as to the advisability of re-

taining his services. But, having received their instructions, the Ministers failed to come to an agreement, the envoys of Russia and Japan declining to associate themselves with the proposed action. As Yuan Shih-kai was the most formidable opponent of the policy pursued by both Powers in Manchuria, the attitude of Japan was particularly significant, as she was negotiating at the time with China with a view to the settlement of all outstanding questions in relation to her sphere of influence in that territory. It is perhaps worthy of mention that the Tōkyō press affected not to attach much importance to the disappearance of Yuan Shih-kai from the political arena at what was one of the most critical moments in the history of China, but it made no attempt to suggest the name of any statesman capable of carrying on the great work of reform which he had inaugurated.

Meanwhile the anti-dynastic party openly rejoiced at the degradation of China's foremost statesman. Doctor Sun Yat-sen, who may be said to have represented in exile the extremist section of this school of reformers, and upon whose head a price had been placed for some years past, declared in Singapore that a revolution was inevitable. "The time," he said, "is not ripe; but events impending in Peking will hasten it. Yuan Shih-kai's success in committing the late Dowager Empress to the constitutional movement temporarily weakened the revolutionary propaganda, but recent Throne changes give Yuan Shih-kai's enemies control, the Regent being their willing tool. Should Yuan Shih-kai remain from power, which I confidently predict, it will demonstrate that the reactionaries are again in full control, as in the Boxer period. Then it will be only a question of the psychic moment when the smouldering fires of revolution will burst into flame throughout the Empire. Through secret societies the revolutionary party is ceaselessly spreading its doctrines in every corner of the Empire, reaching every element of the Chinese. The whole student class is actively enlisted and is highly influential. The movement has many supporters among the highest Chinese officials and a large representation in the modern army, upon which the Throne chiefly relies.

"A great civil war is inevitable, and the overthrow of the Manchus will be easy. Afterwards there will be a long struggle over the reshaping of the Government, and a republic is the only possible finality."

Signs were soon apparent in the capital of the growing ascendency of the reactionaries. In the Court itself no attempt was made to eradicate the evils of the past; on the contrary, the old abuses were perpetuated, honours being conferred by the new Empress Dowager on Li Lien-ying, the notorious chief eunuch, who during the old regime had been the sinister power behind the Throne. Moreover, the Regent soon showed himself to have come under the domination of feminine influence, and in his appointments to office and in his policy generally, were reflected the varying successes of aspirants enjoying the favour of his wife, and of those who received support from the Empress Dowager, the widow of Kuang Hsu.[1]

Thus Prince Chun became a mere tool of the rival camps into which the reactionary party was divided. In the Central Administration and in the provinces Manchus of doubtful competency were given office in preference to Chinese of known integrity and ability. This attempt on the part of the ruling race, however, to increase their authority throughout the country merely had the effect of intensifying the hatred borne by the masses towards the dynasty, and before the end of the year (1909) it was plain to all observers of the situation that the Regent had embarked, blindly as it were, upon a suicidal policy. There were indications also that he himself realised, but did not possess the necessary individuality or strength of character to remedy, his mistake. His vaccillation and timidity left him without support of any kind, and his direction of the affairs of State called forth the condemnation both of his friends and of his enemies. He would have done well at this stage to have heeded the advice of certain of his Ministers, who, recognising that the Government was rapidly losing its hold over the provinces,

[1] "Repeated interference of this kind in State affairs of female members of the Court, wholly ignorant and wholly unfitted to guide wisely, is one of the chief difficulties which confronts China in her efforts towards reformation" (Dr. Morrison in a despatch to the *Times*).

where in certain instances active insubordination was manifesting itself, earnestly advocated the recall to office of Yuan Shih-kai. As a matter of fact, it was generally supposed that negotiations were several times opened between the Grand Council and the banished statesman; but the latter remained obdurate to all persuasions, probably realising that the time had not arrived when he could make the terms, essential both to his prestige and to his security, that would enable him to re-enter the political arena.

In fulfilment of the Imperial promise, the deliberative assemblies were formally opened in all the provinces on 14th October 1909. They sat until late in December, and during their short sessions, in spite of occasional excesses due to inexperience, may be said to have proved the inherent fitness of the Chinese people to manage their own affairs. For the most part, the proceedings were orderly, revealing none of that crude hysteria which marked the inauguration in 1880 of prefectural assemblies in Japan. The delegates displayed a wide grasp of the affairs of State, including its foreign policy, and a remarkable knowledge of administrative detail. It need hardly be said that Japan watched with close attention this first step towards the establishment of constitutional government in China. The tone of the official press was, in the main, sympathetic and patronising, but in other quarters there was a distinct tendency to make sport of the infant assemblies. One Japanese writer holding a position in the Foreign Office and reputed to be "a well-informed authority on China and things Chinese," expressed himself facetiously in referring to these embryo parliaments by saying that "they went up like a rocket, so to speak, but finally came down like a stick. On the whole, they were quite peaceful and showed nothing remarkable." The impudence of this and of similar comments on the Chinese assemblies that appeared at the time is brought into amusing relief when we remember that their Japanese prototypes, the membership of which was recruited from a more or less uneducated proletariat, were in comparison mere kindergarten classes.

The significance of this elementary stage in constitutional government and the success which had attended it were

not lost upon those observers really competent to form a judgment; and the deep impression that was made in responsible circles was ably summarised by the Shanghai correspondent of *The Times*, who wrote that, "the very earnestness with which . . . the Provincial Assemblies are addressing themselves to the exercise of the modest consultative functions so far assigned to them renders it more and more urgent that the Central Government shall proceed without delay to set its house in order. The greater the capacity shown in the provinces for dealing with administrative problems, the more impatient will the provinces ultimately show themselves of the continued incapacity of Peking." Perhaps the most striking feature of the new assemblies was to be found in the unanimity of opinion that existed among the delegates in favour of the early opening of a national parliament. In some instances this opinion took the form of strong resolutions advocating that the date (1917) fixed by Imperial Decree for the convocation of Parliament should be materially advanced. These resolutions were ultimately embodied in two Memorials to the Throne, the first in January and the second in July of the following year (1910). In both instances the Regent expressed his displeasure and returned peremptory refusals.

Never, in the modern history of China, had the impotence of the Central Government been more clearly exemplified than during the year 1910. Even to the most superficial observer it became apparent that the Throne was hopelessly out of touch with the spirit of the times. To appreciate fully the true position of affairs existing at this period, it is necessary to bear in mind two important circumstances. In the first place, the political thought of the nation had at last become moulded into a concrete desire, amounting almost to a demand, for the establishment of representative institutions. That this phenomenon was not entirely misunderstood in the capital was clear from the frequency with which the Vermillion Pencil was employed to send forth vague promises of early concessions to a people who were beginning to show a tendency to take matters into their own hands. But in Peking—and here we shall find the second circumstance which contributed so largely to the general situation—there

was no one commanding personality capable of directing or controlling the popular movement. The attempts made to reform the Administration were not carried out with the thoroughness which might have been expected had the old Empress Dowager lived to witness the first fruits of the policy she had inaugurated during her closing years. So astute and so masterful a ruler would have realised the necessity for revising the attitude of the Throne towards the people, and, carrying this into effect, would have appointed to office in the Central Government and would have sent as Viceroys and Governors to the provinces, only those men who could be relied upon to interpret the spirit of the Imperial will. But the Prince Regent, who virtually occupied a secondary position in the State to that of the new Empress Dowager, Lung Yu, was entirely at the mercy of rival factions. Consequently in his appointments to office he selected many men wholly unfitted for the work of administration under the changed conditions, and overlooked those of proved capacity and adaptability.

The second positive stage in the Chinese constitutional movement was reached on 3rd October 1910, when, amid universal manifestations of rejoicing throughout the country, the first session of the National Assembly was convened in Peking. The opening ceremony was carried out with quiet dignity and with a total absence of display. Nominally a single chamber, it contained the elements of a lower chamber or House of Representatives, and of a Senate. This provisional Parliament, which consisted of two hundred delegates under two presidents and two vice-presidents, was permitted to sit in session for three months annually, with the extension of one month if warranted by circumstances. In a despatch to *The Times*, Dr. Morrison gave the following explanatory summary of the composition of the National Assembly:—"Members," he said, "are to be nominated by the Emperor, or in the case of the representatives of the Provincial Assemblies, by the Provincial Governor, and they are to serve for a term of three years. The Emperor, or a Prince nominated by the Throne, is to be present at the opening ceremony and announce what subjects are to be discussed during the session. There are to be eight classes of members:—First,

Princes, Dukes, and hereditary nobles of the Imperial family, 16; second, Manchu and Chinese hereditary nobles, 12; third, Mongol, Tibetan, and Mohammedan Princes and hereditary nobles, 14; fourth, members selected from collateral relatives of the Imperial House, 6—(60 are chosen by vote of their compeers, and of these the Emperor selects 6; in case of death vacancies are to be filled by the Emperor from the remaining 54, who are thus 'expectant members'); fifth, Peking officials of a certain rank, 32 (the number selected is 160, the remaining 128 being 'expectant members'); sixth, distinguished *literati*, authors, teachers, and professors, 10; seventh, exceptional property holders, 10; and eighth, members of the Provincial Assemblies, 100 (9 from the metropolitan province, 7 each from Kiangsi and Chekiang, and varying members from each of the other provinces)."

Dr. Morrison proceeded to explain that should the vote of a Provincial Assembly not receive the assent of a Governor, and after re-discussion should there still be no agreement, the question at issue was to be submitted to the National Assembly, who would discuss it, agree upon a resolution, and memorialise the Emperor accordingly. Complaints against a Viceroy or Governor were to be dealt with similarly. Petitions from a Chinese subject, not a member of the Assembly, on a matter of public concern, might be received by the Assembly through a fellow country member; but no petition could be presented more than once in a session. According to the Imperial regulations, the functions of the Assembly were intended to be of a purely deliberative and advisory character. Exactly to what extent its members permitted themselves to be bound during their first session by these negative limitations will be shown in the course of this chapter. It was further stipulated that the Assembly was to be divided into committees, each choosing its own chairman. Before any debate could take place on Budget or on other Bills of first importance, it was compulsory for the committee concerned to come to a preliminary decision. In one sense, perhaps, the most remarkable feature of the regulations was that relating to the freedom of speech. When it is remembered that but a few years past

the most temperate official was obliged to value his utterances as he did his life, nothing can be more significant of the wonderful change that had taken place in the highest political thought of the country than that concession to the delegates which placed them outside the operation of the law for anything said within the walls of the Senate. In spite of the strict limitations which were supposed by regulation to control its conduct, the Assembly soon began to play an active part in the affairs of State. On the whole, its proceedings were carried on with a dignity and decorum which would have been admirable in any Parliament of the West; but by far the most striking feature of the session was the independence and virility displayed by the delegates, who, almost to a man, espoused the cause of progress. There were frequent collisions between the Grand Council and the Senate, but in the end victory invariably lay with the latter. At about this time the Provincial Assemblies, who had met for their second session, sent representatives to Peking to petition the Throne for the early granting of a Parliament. On this occasion they lacked no support in the capital, for not only did they enjoy the co-operation of the National Assembly, but by an accident of fate they received encouragement from an unexpected quarter. From motives of purely personal ambition, the Empress Dowager Lung Yu, had for some time been intriguing against Prince Chun and his party, with the object of seizing the first available opportunity for assuming the Regency. When, therefore, for the third time the Provincial Assemblies sued for the immediate opening of a Parliament, she thought to take advantage of the stormy situation that would have arisen from Prince Chun's continued opposition by declaring herself on the side of the people. Upon some of the more fervent delegates cutting off joints of their fingers and writing petitions in their own blood, she was reported to have been greatly moved by such evidence of earnest purpose, and to have expressed herself as being in sympathy with their cause. Towards the end of October, the National Assembly, after a lengthy deliberation, also memorialised the Throne, praying for the early opening of Parliament. With pressure brought to bear on all sides, the opposition of the Regent gave way, and

on 4th November an Imperial edict was issued stating that:—

"The Emperor Kwang-su drew up a constitutional programme, and since coming to the Throne we have complied with it most carefully, not daring to deviate from it. On receiving numerous petitions, we hesitated from motives of prudence, but, finding that the conditions were altering and that the situation was becoming critical, and wishing to alleviate it, we recognised the need for a Constitution before the presentation of the last memorial; but the question of the enlightenment of the people could not yet be decided, and we awaited the final verdict of the people. Now we concur. As, however, the need for preparations precludes the idea of an immediate opening of Parliament, we fix the actual opening three years hence.

"In the meantime we will change the official system, organise a Cabinet, and publish constitutional laws and regulations for elections to the Upper and Lower Houses, besides other essentials. The time has been exhaustively deliberated upon and has been chosen indubitably in the best interests of the Empire, and cannot, therefore, be changed. Let officials and people qualify themselves departmentally and civilly. We hope that favourable results will soon delight the heavenly spirit of Kwang-su and satisfy the people."

It is recorded that at the conclusion of the debate in the Assembly on the proposed memorial praying the Throne to expedite the granting of a National Parliament, the Vice-President called for a division; but member after member rose from his seat to declare emphatically that if the motion was clearly unopposed such a procedure would be unnecessary. Slowly the whole House, first the elected representatives and then the nominated portion, stood in their places, and the Memorial to the Throne was carried by acclamation.

No more faithful or picturesque description could be given of China's first National Assembly than that which appeared in the *Peking and Tientsin Times*, an English journal published in Tientsin, from which, because of the historic value that may attach to it with the passing of time, I take the following extracts:—

"The Tzechengyuan (National Assembly) meets in the

converted lecture hall of the Law School, west of the Hsun Chih Mên, and at the southernmost limit of the Tartar City. Past the old Elephant Park, now the site of the modern Finance School, and beyond a Buddhist temple, now converted into a bureau of modern education for Buddhists, in the cold winter shadow cast by the old grey wall of the city, into a puzzle of Peking carts, plate-glass window coaches, rubber-tyred and ordinary ricshas, and outriders' ponies, you find yourself in the arms of a smart crowd of Chinese policemen at the gate of the Tzechengyuan, asking for your admission ticket. They politely demand your card, and then pass the news of your coming along the line that stretches up the winding walk of the court-yard to the rear half of the school—the home of China's first Assembly, that seems to have made itself a power in the land within so short a space of time. The assembly hall itself is an oblong building, where two years ago a Japanese professor was lecturing on law to a class of five hundred. But the academic atmosphere has departed. On a dais, raised above the two-tiered platform in an alcove on the long north side, is the Throne. Covered with a common-looking cloth, as viewed from a distance it seems a little out of keeping with the general dignity and good taste that prevail in the simple arrangement of the room. Below the dais is a row of five desks, the President, Prince Pu Lun, occupying the centre one, two secretaries on either side the others. During session four or five assistant secretaries and readers rustle along this line with piles of books, memorials, telegrams, bills and petitions, which they hand to the Prince from time to time. On the platform just below these desks, is the rostrum occupied by committee men and government delegates when making special reports or giving long speeches.

"The shorthand writers, who work four at a time, and in three relays, at the table just under the rostrums, are preparing to write ; a few of the members have taken their seats; the bell in the courtyard is ringing, and at about 1.45 the representatives have noiselessly filed in. A quiet word from Prince Pu Lun and they are standing to hear the reading of an Edict from the Throne, acknowledging one of their own memorials. A rotund secretary is now

singing up and down the columns of telegrams, petitions, and committee reports. His pace is so fast nobody understands much of his reading; but that does not matter much, for printed information on all important subjects lies before each member. Suddenly, before all the documents have been read, a member over in the corner jumps up and opens fire. His words pour forth like a torrent, while violent gesticulations accentuate each sentence. He wants to know why one of the Boards keeps up a policy that injures industry instead of helping it, and the three back rows of members (the provincial delegates) smiling at his vehemence, applaud approvingly. The reading of the documents finished, the Assembly plunges into bills and discussions. A deputy from the constitutional bureau is in the rostrum, giving a long and scholarly exposition of the new Criminal Code. He is a returned student from Japan, and also a good Chinese scholar. A certain grace of physical carriage and movement, suggestive of the modern spirit of athletic development, marks him, as also a warm enthusiasm of tone and gesture when he reaches the climax of his speech, urging a change from the old so-called 'filial' devotion to family to that of country, as the basis for the new code. But the picturesqueness of his opponent, who follows, nearly takes one's breath away. A venerable old Hanlin, a man of big frame, his back bent in a pronounced curve, almost into a hunch, his pointed beard thin and white, slowly mounts the rostrum. His coat is the most prominent thing in the room as he stands before the Assembly. It is a furry one of long fox, and on his big body gives him the appearance of a yellow Polar bear. Of course he is a Conservative and a type of the solid old style. But he has a sense of humour, for he knows, he says, that never having been abroad nor studied in foreign countries, his opinions are of small value. Nevertheless, he must answer his opponent, for if he does not, the Assembly might say that he was not able to talk. This new code with such light punishments will never do for China, is his opinion. . . . The galleries are interesting. Two compartments, one on either side, are full of Chinese newspaper men, a dozen or more in each, who scribble Chinese characters as fast as their cold hands will allow. The public compartments are usually crowded

with well-dressed men of the younger type, many of them officials, many bearing the stamp of returned students and men of modern thought. Some military officers, exceedingly smart looking in new well-fitting uniforms, their heads closely cropped all over, were interesting figures the other day in the special gallery in the rear.

"Of the foreigners, the Chinese secretaries of the Legations are usually present, watching developments. As the afternoon wanes and the ten or more stoves in the Assembly gradually die down—they have not been fiery furnaces at any time of the day—one is reduced to relying upon the heat of debate for warmth, and so one concludes that it is time to leave politics to the representatives of China and to save oneself from catching cold by going home. On leaving, two Mongolian Princes are conspicuous, stepping into their coach. Their dusky, broad-faced, bow-legged Mongol outriders, in enormous shaggy boots, swing into the saddles and canter off behind their lords. One wonders what the whole party thinks. Does it bore them to forsake their grassy plains in the distant north to cut a figure in the capital of China; or are they proud to have been allotted a share in directing the destinies of the great country to which they owe allegiance?"

As the session progressed, the conflicts between the National Assembly and the Grand Council became more acute. It must not be supposed that at this period the latter body, in which, subject of course to the Throne, was centred the highest executive as well as the highest legislative authority in the Empire, was composed of men whose sympathies were entirely at variance with the aims of the party of progress. On the contrary, it contained statesmen, both Manchu and Chinese, whose policy in principle was as advanced as that of many of the reformers in the Assembly; but unfortunately in the very exercise of its functions—functions that might be described as the delegated authority of an autocratic Throne, to whom alone the councillors were responsible—it was inevitably bound to clash with an institution that contained the elements of representative government. It was in the treatment by the Grand Council of the resolutions of the Assembly, frequently em-

bodying as they did petitions from the Provincial Assemblies, that the cause of friction lay. Finally, the temper of the delegates became so strained, that towards the close of the session they memorialised the Throne, praying for the establishment of a responsible Cabinet. This memorial virtually amounted to an impeachment of the Grand Councillors. The immediate effect of the Assembly's action was to create resentment in high quarters, and they received a rebuff in the form of an edict which declared that in seeking to criticise the appointment of officials and to suggest the substitution of a Cabinet for the Grand Council, they had gone altogether beyond their scope and had trespassed upon the Imperial prerogatives. But the Assembly was in no mood to submit meekly to such an assertion of the autocratic will, and its members did not hesitate to comment adversely upon the terms of the decree, openly declaring them to be in direct opposition to the spirit of constitutional law. There can be no doubt that a second impeachment of the Grand Council would have followed had not the Regent wisely announced that while he would not tolerate further agitation, from whatever quarter arising, the desire of the people for the establishment of a Parliament under a responsible Cabinet would be granted at the earliest possible moment.

In fulfilment of the edict of 4th November 1910, which, it will be remembered, advanced the period of constitutional preparation by four years, revised regulations to govern the course of procedure were issued in January 1911. Their main features may be briefly set forth as follows:—

"Third year of Hsuan Tung (1911):—1. The establishment of a Cabinet. 2. The establishment of an Advisory Board. 3. The promulgation of an new official system. 4. Promulgation of laws and regulations to be followed by officials. 5. The publication of a system of Bookkeeping for Government finances. 6. The promulgation of rules and regulations in regard to Likin and Taxes. 7. The authorisation of the expenditure of the Imperial Household. 8. The establishment of Courts of Justice in the Yamêns of the Administrative Officials. 9. The publication of a system of audit. 10. The promulgation of the Civil, Commercial, and Criminal Laws. 11. The promulgation of the law regarding pro-

cedure in Civil and Criminal Cases. 12. The publication of the system for taking the Census. 13. Census Statistics.

Fourth year of Hsuan Tung (1912):—14. The promulgation of the Constitutional Law. 15. The publication of special enactments for the Imperial Household. 16. The promulgation of the Parliamentary Law and System. 17. The Election Rules for both Houses. 18. The Election. 19. The introduction of the Budget System. 20. The establishment of an Audit Office. 21. The putting into force of all the new laws. 22. The opening of Courts of Justice of every grade throughout the Empire.

Fifth year of Hsuan Tung (1913):—1. The summoning of Members of Parliament to Peking. 2. The Imperial Decree relating to the same. 3. The Opening of Parliament.

There was a disposition in certain quarters to criticise the first session of the National Assembly as having been barren of any tangible result. Such a judgment, however, could only have been formed on superficial observation. By their vigorous, and in most cases undisputed, intrusion into the affairs of State, with which legally they had no right to meddle, these delegates of the nation may be said to have carried the voice of the people into the innermost recesses of the Forbidden City. Hitherto China's patient millions had been accustomed for centuries to hear in silence, and tremblingly to obey, the thunders of the Throne; but now those thunders in the form of angry murmurings found an ominous echo in the very precincts of the Court itself. There can be no question that many of the concessions made to popular demands reflected not so much the dawning enlightenment of the governing classes as the growing apprehension with which they regarded the irresistible progress of the movement towards reform. The fact could not be lost sight of that the National Assembly acted not alone for itself: it was the mouthpiece of the Provincial Assemblies throughout the country. During the first brief session of this elementary Parliament, the delegates declared themselves almost unanimously in favour of the immediate suppression of opium cultivation by means of even more prohibitive measures than

those which had received the sanction of the world; the removal of the queue—that mark of subjection imposed upon the Chinese people by their Manchu conquerors; and the granting of a free pardon to all political offenders who had been concerned in the abortive movement of 1898.

# LXXIII

## THE DAWN OF REVOLUTION

IN the previous chapter sufficient has been written to show, in broad outline, that by the continued maladministration of the Central Government; by the perpetuation of long-standing evils within the Court itself; and by the tardy and inadequate concessions made to the demands of the reform party clamouring for constitutional liberties, a deep gulf was rapidly widening between the Chinese nation and their alien rulers.

Early in the year 1911 it became clear to close students of the situation that China was rapidly approaching a crisis of extreme gravity. But exactly what form this crisis was to take, no single critic was able to foreshadow; and the rapid spread from province to province of the Wuchang rebellion which broke out in October may be fairly said to have taken the world by surprise. Briefly, the stupendous event was precipitated by the concentration of many agencies, all directly attributable to the weakening of the Imperial authority through generations of effete and corrupt administration. Not the least important of these agencies was to be traced to the persistent pressure that had been brought to bear upon her borders by China's powerful neighbours. The Russo-Japanese Convention of July 1910, which virtually amounted to an agreement in principle, if not in fact, as to the partition of the Manchurian provinces, followed swiftly as it was by the annexation of Korea by Japan, had driven home to the mind of an almost supersensitive Young China the threatening dangers of disruption. Little wonder was it, therefore, that when, in February 1911, the Mongolian question was abruptly re-opened in the form of an ultimatum delivered by Russia, and at the same time the Yunnan-Burmah dispute arose with Great Britain, a

growing alarm began to manifest itself in all directions. Although in one sense national sentiment betrayed itself in anti-foreign tendencies, it was mainly directed against the central authority. Nothing could now hide from the awakened intelligence of the Chinese people the truth that it was due to the inherited impotence of the Manchu Government that their country had become a prey to foreign aggression. Patriotic protests arose from all quarters, both within and without the Empire, and a feeling of bitter hostility towards the alien race began to declare itself.

But the full significance of these unmistakable signs appeared to be lost upon the Regent and his adherents. No sooner was the National Assembly dissolved than any chastening influence it may have exercised over the Throne seemed to have been dispelled. "The National Assembly is no longer in session," declared *The North China Daily News* at the time, "and the Vermillion Pencil rehabilitates the bureaucracy." It was evident that whatever promises had been made to the people in regard to the granting of constitutional liberties, the irrevocable determination of the dynasty was to maintain unimpaired the supreme authority, together with all its ancient prerogatives. If foreign observers found it impossible to justify the transparently fatuous policy pursued by the Regency at this stage, it should not be difficult to gauge the effect of such a policy upon the educated classes of China. Yet, in spite of the ominous warnings that reached the Court daily in the form of weighty memorials from all parts of the country, in spite of the clamouring of the native press and of the seething agitation that existed in the provinces, the Regent persisted in a course which could bring in its train nothing but disaster to the dynasty. The height of Imperial folly was reached when in April Prince Chun declared himself, on behalf of the infant Emperor, Generalissimo of the land and sea forces of China. "We shall assume the Supreme Commandership ourself of the Army and Navy," read the edict announcing this portentous change, "so as to conform to the Constitution principle, and to set an example to Our people. Before Our Personal Attendance to the State affairs the authority

and duties of the Supreme Commander shall be temporarily exercised for Us by the Prince Regent." Furthermore, the edict contained a pompous but ill-timed eulogy of the manifold virtues of the dynasty. At first glance perhaps it might be thought that this assumption on the part of the Throne of the supreme military authority in the Empire was indeed in conformity with the "Constitution Principle"; but it must not be forgotten that a constitution had not yet been granted, and that therefore such an assumption of power anticipated the coming into force of representative institutions. The immediate effect of this action was to arouse suspicion as to the sincerity of the Imperial promises, for it was realised that, unsupported by force, the popular liberties might easily be sacrificed to the caprice of a military autocracy. Popular apprehensions were in no way allayed when it was announced that the Regent's brothers were to be appointed, the one in command of the land and the other of the sea forces.

Nowhere in the Empire was the anti-Manchu sentiment more prevalent or more violent than in the southern province of Kwangtung, and it was here that there were borne the first fruits of the Regent's latter day policy. Always the home of secret societies and seditious propaganda, Canton, the capital, suddenly became the centre of active revolutionary agitation. In spite of the rigorous censorship that had been instituted, the native newspapers, which enjoyed a wide circulation among the masses, succeeded in evading the vigilance of the authorities and repeatedly denounced the Manchu dynasty as the source of all the ills that afflicted the land. The first serious indication of the strength and purpose that characterised the revolutionary movement in the southern province was provided on 8th April, when the acting Tartar-General Fu Chi was assassinated while proceeding under escort through the streets of Canton. An attempt was made in official quarters to prove that the assailant was an obscure individual actuated solely by motives of personal hostility towards the Tartar-General. This, however, was very far from being the truth. The man himself, a Cantonese of mature age, openly proclaimed that he was a member of the revolutionary society whose leader

was none other than the banished Doctor Sun Yat-sen. During the trial he was asked by the presiding magistrate whether he had any accomplices, and he made the significant reply that, "all over the eighteen provinces are my accomplices, and Kwangtung has the largest number. They are everywhere, and only because they have no characters on their head they are not known to the officials. Now, since I have committed this murder, I am a Revolutionist." It is recorded that when led through the crowded streets to the place of execution the doomed man, his face wreathed in smiles, exhorted the people to rouse themselves and to follow the lead that he had given them. "I die quickly," he cried, "but I shall rise again, and then I will smite those who are doing the people this wrong." According to a native report large numbers of men from all parts of the city came to gaze upon his dead body and "many of these sighed deeply, some of them actually weeping in their sympathy for the executed man." The incident was shortly followed by the outbreak of an armed revolt, a fierce attack being made upon the Viceregal Yamen. An official account addressed by the Viceroy to the various provincial authorities declared that in spite of the close watch that had been maintained over the movements of men suspected of being leading revolutionaries, a strong band of armed rebels succeeded in evading detection by donning European clothes and proceeding to the Yamen in sedan chairs, the bearers of which were confederates. Prompt measures were taken by the authorities, with the result that the rising was quickly suppressed, many of the leaders being executed. Subsequent events were to prove that this abortive rising was deliberately planned by the revolutionary party, and that immediately it was attended by failure the organisation was removed to the province of Szechuan. At a later date, when victory had crowned the rebel cause, Doctor Sun Yat-sen permitted himself to give the world some slight insight into the highly organised system that had been established throughout the Empire. "We had," he said, "a head, a chief and a body of leaders, all earnest, intelligent, courageous men. They were elected, according to constitutional principles, by a body of us, who met, necessarily, in secret. We had a branch of

our society in every province. Our meetings of the leaders were held at various houses, the rendezvous being constantly changed. Between thirty and forty centres were established in the various districts of each town, where members were ready to rise at a given moment to the number of at least 1000, in each centre, to take control of the public affairs of the district. Communication with each of these districts was made by the employment of messengers. Our communications were by word of mouth. . . . We had elected bodies of our followers who had been taught a system of constitutional rule for each district, all ready to take office at a given signal and put the system into practice."

It should be explained that the revolutionary party, or Ko Ming Tong, had been in existence ever since the days of the *coup d'état*. According to some writers, it was formed in Japan, but its adherents were to be found, not only in China, but in every quarter of the globe. With the single object of bringing about the downfall of the Manchu monarchy and substituting a republican form of government, the Ko Ming Tong had risen from the position of an insignificant political club to that of the most powerful secret society in China. Shortly after the death of the Empress Dowager in 1908, it received a great accession of moral and material strength by joining forces with the party, the Pao Huang Hwei, at whose head was Kang Yu-wei. The aims of this latter party, until the affiliation took place, had been in every way moderate. They preached social and political reform, but entertained neither designs against the dynasty nor hatred of the Manchus. As, however, their leader and a few of his colleagues were so closely identified with the abortive "reforms" which the late Emperor Kuang Hsu had espoused, it was necessary for them to remain in banishment during the lifetime of the Empress Dowager, who had put a price upon their heads. In the early days of the new reign they prayed the Regent to grant them an amnesty, but for some unaccountable reason, unaccountable because of the inevitable consequence, this request was curtly refused. From the moment the Pao Huang Hwei merged their identity in that of the Ko Ming Tong, the fate of the dynasty may be said to have been sealed.

The inauguration of a Cabinet and a Privy Council in May, although hailed by superficial observers throughout the world as a distinct advance in the direction of Constitutional Government, met with nothing but mingled anger and derision from the people and press of China. The reason was apparent. For all practical purposes, under the old form of centralised authority, the Grand Council and the Grand Secretariat had combined, subject to the Sovereign, the legislative functions of government; but in spite of the fact that by the creation of the so-called Cabinet system these oligarchical institutions were swept away, their essential characteristics passed down to their successors. The very least that had been hoped for by the reform party was that in fulfilment of the Imperial promise of November 4 a responsible Cabinet would be created that should include a satisfactory representation of Chinese nationality. When therefore, it became known that the aged and corrupt Manchu, Prince Ching, was to be China's first Prime Minister; that he was to be given a power of veto over other Ministers and of control over the Viceroys and Governors of the provinces; that Imperial Princes were to be included in the Cabinet; and that members of the Imperial household and of the Imperial clans were to be eligible for inclusion in the Privy Council, national disappointment found vent in angry denunciations from all parts of the Empire.

Not the least of China's afflictions at this period, and one which ultimately assisted the spread of revolution, was the disastrous famine which swept the northern districts of the adjoining provinces of Anhui and Kiangsu. The people dwelling in these districts, dependent for existence solely upon the production of grain, were suddenly faced with a lingering death by starvation in the winter of 1910–11, by reason of the destruction of their crops by floods during the previous summer. In spite of Government grants and the generosity of foreigners, who, as on former occasions, dispensed relief to the sufferers through the medium of the Central China Famine Relief Committee, nothing could stay the awful calamity which fell upon hundreds of thousands of men, women, and children, once forming peaceful agricul-

tural communities, but now driven forth from their devastated homes to die slowly of starvation. "I have seen," wrote a correspondent in the *North China Daily News*, "some of these deplorable farmers from the North in the streets of Wuhu—mothers in rags with naked children in their starved bosoms, and shivering fathers deathly pale from cold and hunger, trying to prolong their sad existence by begging. I have seen them late in the evenings moving on in rain and blizzards to keep alive, and in the morning I have found some dead, some staggering on half-frozen limbs, only to fall and face the end, while others still, too dejected even to share the comforts of the professional beggars, resume their tramp from house to house in search of food." Little wonder was it that desperate men, fleeing from the awful desolation in the North, found their way into other parts of the country, where they formed themselves into lawless bands, plundering and pillaging the peaceful inhabitants.

Of all the more recent agencies that contributed to the ultimate downfall of the Manchu regime, however, it is probable that none will loom larger in the mind of the future historian than the latter-day policy adopted by the Government in regard to the national finances. Whether such policy was inherently unsound, thus producing directly its own crop of bitter fruit, or whether it was conveniently used by the malcontents in order to achieve their cherished purpose, are questions upon which no one can at this stage pronounce a final judgment. Certain it is that not many weeks after its inception, having been accorded the sympathetic approval of the outside world, it called down the wrath of the Chinese people themselves. In order to have a clear understanding of all the circumstances, it becomes necessary to return to the month of January 1911, when Tang Shao-yi, the brilliant Cantonese, who, as the protégé of Yuan Shih-kai, had risen from obscurity to fame in the days that followed the memorable Boxer outbreak, resigned the Presidency of the Board of Communications, and was succeeded by Sheng Hsuan-huai. It was not long before the ministerial change began to show tangible results in the form of a policy the apparent, if not the avowed, aim of which was to wrest from the provinces all control over railway finance. And here again it is possible

to trace the workings of the Imperial will, which was concentrating determinedly upon the task of centralising all authority, both legislative and executive, in the capital. We have already seen how this was effected in regard to the Army and Navy, and how the inauguration of a Cabinet system merely perpetuated the old evils of legislative centralisation. Now, so it seemed to those millions of reformers to whom provincial autonomy was but a first step towards a constitutional form of national government, the revenues of the provinces were to be earmarked by a grasping bureaucracy. By tracing the course of events from the moment that Sheng Hsuan-huai assumed office, we shall perhaps be able to determine their true relations to the tremendous upheaval that was to follow in October.

Early in April a loan of £10,000,000, known as the Currency Loan, was negotiated by the President of the Board of Communications, on behalf of China, with a syndicate of financiers representing Great Britain, the United States, France, and Germany. The loan, which was to carry interest at 5 per cent. and be issued at 95, was to be secured on certain revenues appertaining to the three Manchurian provinces, and on a recently imposed surtax upon salt produced throughout the whole of China. Its proceeds were to be devoted primarily to the reform of a chaotic currency that had always been at the root of China's financial troubles; and secondarily, to the industrial development of Manchuria. A few weeks later, on May 21, Sheng Hsuan-huai concluded a further loan with the international syndicate, known as the Hukuang Loan, for a sum of six millions sterling, to be devoted to the construction of the Hankow-Szechuan and the Canton-Hankow trunk systems. The loan was secured on certain revenues of Hunan and Hupeh, and carried a provision for the raising of an additional four millions sterling, based on the same security. The full significance of the transaction lies in the fact that on May 9 it was heralded by an Imperial edict, which ordained that from henceforth the State would take over the main trunk system of the Empire. It would be as well to mention at this stage that not only had the policy of a State-owned system of trunk railways long

been in contemplation, but the idea of concluding an international loan for the purpose had originated with the late Grand Secretary, Chang Chih-tung. Sheng Hsuan-huai, therefore, cannot be held to have been other than an instrument for executing the Imperial will. "The area of the Chinese Empire," read the Rescript announcing the portentous change, "is very extensive and its frontier territories are far apart, the distance in length reaching several tens of thousands of *li*, and requiring several months' time to cover it. Whenever the Throne's attention is brought to the frontier defence, We are troubled night and day. To control the defence effectively, the only means is the speedy construction of the railways. Moreover, for advices and consultations on constitutional government, for transfer and mobility in military affairs, and for transport and delivery of native produce, all these are dependent upon the facilities in communication before an improvement in Our general welfare can be obtained. After careful and repeated deliberations, the nation must possess a complete system of trunk lines to and from the four quarters of her territory, in order to administer the Government by a grasp on the central pivot. Former arrangements were not perfectly thought out, there being no fixed policy, so that the railway system in the whole Empire is promiscuous and complicated, without distinction between trunk and branch lines. Nor was the people's financial ability taken into consideration. Permission was usually granted, upon receipt of a petition, for any line to be privately built.

"Nevertheless, for several years, the capital for the Kwangtung line has been half obtained; yet no great progress in its construction has been made. As for Szechuan, enormous funds were bankrupted, and impeachment and pressure have failed to recover them. In respect of Hunan and Hupeh, the offices have been opened for a number of years, only wasting money by inactivity. Thus, in exhausting the fat of millions of Our people, We find only waste and extravagance in some cases, and misappropriation and pocketing in others, so that it is feared the longer that time passes the heavier will be the burden of the people; and then high and low will all suffer from the ill effects, the consequences of

which are beyond Our present imagination. Therefore, We desire to proclaim explicitly to the world that all the trunk railways shall be State-owned ; this shall be the fixed policy. Whatever trunk railways in the provinces which were under private management by companies established before the third year of Hsuan Tung have been delayed in construction long enough, they shall immediately be taken over by the Government as State-owned, and their building work shall be pushed on with energy. With the exception of the branch railways, which shall be continually allowed to be undertaken by the people according to their ability, all cases of trunk railways formerly granted shall be cancelled."

It will be observed that as an argument in favour of the scheme of centralisation the edict balances nicely the financial inability of the provinces, the wastage and misappropriation of funds, and the general incompetency and inactivity of provincial management on the one hand, and the resultant "exhaustion of the fat of millions of Our people," on the other. Possibly the Central Government hoped to teach sweet reason to the masses with the object of frustrating agitation. Yet it employed other means of enforcing its will, for the self-same edict concluded with the ominous threat that "If there be any one who intentionally disturbs the railway policy regardless of the public welfare, creates doubts and incites resistance, he shall be summarily dealt with in accordance with the penalty for disobedience to Law. Let this be promulgated and made known to all." Immediately this drastic step became known in the provinces a storm of indignation arose on all sides, while the native press bitterly criticised the policy of the Government, fierce denunciations being levelled at the head of the unfortunate Sheng Hsuan-huai. Alarmed at what they considered the reckless action of the Government over the Currency and Hukuang Loans, and also in connection with their conduct of foreign relations, the members of the National Assembly hastened to request that they might be permitted to hold an extra session in order to discuss these subjects. They were, however, met with a refusal by the Regent, who, in an Imperial Decree, gave laconic expression to the opinion that in regard to the Loan question the matter was not very

urgent. With the object of pacifying the popular resentment and of carrying the new policy into execution, the ex-Viceroy, Tuan Fang, who, eighteen months previously, had been degraded and sent into retirement on an alleged charge of having shown disrepect to the memory of the late Empress-Dowager by attempting to take photographs at her funeral, was appointed Director-General of the Hukuang Railways, and ordered to proceed to the south. Meanwhile, the Viceroys and Governors of the four provinces concerned—Hupeh, Hunan, Szechuan, and Kwantung—submitted a joint memorial to the Throne pointing out the gravity of the situation, and praying that action might be stayed until the arrival of the newly appointed Director-General. It should be explained in regard to the railways that whatever capital had been raised in the past was obtained either by means of subscriptions from the local gentry or else from sources of special taxation in the provinces. These imposts took the form of *pro rata* taxes on land rentals, and also taxes on house property, rice, and salt. The employment of all funds was entrusted to what were known as the Provincial Railway Bureaux, whose incompetency and corruption had long become notorious. Nevertheless the principle of "China for the Chinese," as applied to railway finance, had been fought for by the provinces and upheld by the Imperial Government; and it was perhaps due as much to a patriotic desire to see this principle maintained, as it was, in the case of the Railway Bureaux, to a jealous fear that an illicit means of amassing wealth would disappear under the new order of foreign capital and State control that so indignant a protest arose from the people of the country.

Little time was allowed to elapse before popular opposition assumed a positive form. In the province of Hunan, through the greater part of which the Canton-Hankow railway system was to pass, a crowd of some 10,000 angry people demanded that the Governor should forward their representations for a rescission of the State-owned policy direct to Peking. In pacificatory decrees the Regent endeavoured to explain the Imperial solicitude for the welfare of the provinces. "This decisive step" (the State-ownership policy), read an edict issued on May 22, "so resolutely taken by the

Throne, is obviously for the centralisation of controlling the railways; but not less is it designed to lighten the burdens of Our people. When the Szechuan Railway was being inaugurated, the officials and the gentry of the said province at once adopted the proposal to raise subscriptions for capital proportionately to the amount of rental paid by each individual. This was commercial management only in name; in reality it was clever extortion from Our subjects. Several years have since elapsed, yet the railway in question is not completed; and, in the preceding year, a large part of its funds was squandered. The abuses in connection therewith are numerous. Thus, the distress caused to the population is not insignificant; while the benefit conferred upon the railway system is by no means great.

"Subsequently, the Hunan Province followed this same policy of collecting 'capital per rentals.' This province is poor and barren; it cannot be compared with the province of Szechuan at all. During the present time of numerous reforms the burden of Our poor subjects is already heavy. If no consideration of their condition were given by an early abrogation of a measure so profitless to the people, how could they bear in future the ceaseless demand upon their very limited resources derivable from the yearly crops yielded by their fields?

"Now, since the railways have been converted to the Government, it is hereby ordained that, commencing from the date of the issue of Our Decree, the 'capital per rentals' in the two provinces of Szechuan and Hunan shall cease to be collected."

The edict further promised that "not the slightest loss or injury shall be suffered by Our subjects." Meanwhile the vernacular press maintained a consistent attitude of hostility towards the Government. One of the leading organs of public opinion, the *Shenpao*, published in Shanghai, declared that "We fear that the poor humble people would prefer to bear heavy burdens, to endure painful distress, rather than to be compassioned by their sage Emperor and to receive his advice on their behalf. Why? If the conversion of the trunk lines into State property were to be effected by the Government's assuming the whole responsibility and

then constructing and working these lines by means of its own capital, there would be then really not the slightest loss to the people. But the funds raised by the Government cannot be other than loans obtained from foreigners, the redemption of which will be indirectly borne still by the people in the times to come.

"By such a continuation of loans, to-day £10,000,000, to-morrow £6,000,000, and the next day £4,000,000; to-day pledging the tribute rice, to-morrow the land-taxes, and the day after likin and Customs duty, not only will our lives and families be greatly jeopardised if we cannot discharge our debts at the expiration of the terms; but even if we can, how can these large amounts be paid off without taking them, one and all, from the people? Therefore, we contend that instead of accepting the present love and compassion from the Government for a temporary lightening of our burdens, it would be much better to endure our pain and distress to-day so that future dangers may be avoided. The Decree only declares the 'capital per rental' as 'commercial-management in name, but clever extortion from our subjects in reality.' Does the Throne realise that for the Government to borrow loans is also clever extortion from the people?

"The 'capital per rental' may cause distress to the poor people, but there is still the hope that it will bear fruit in the future. As to the railways conversion to the State by such means as must raise fresh burdens in future, then truly the poor people's miseries will indeed be very great."

It was becoming apparent that the people of the provinces and the Central Government were equally determined to have their own way. A petition forwarded to Peking by the Hunan Provincial Assembly and protesting in unmeasured terms against the loan contracted with the international group on account of the Trunk Railways merely elicited what amounted to an Imperial rebuke. For an edict which was issued in response to this petition declared that "The owning of the trunk lines of railway by the State has been fixed as a Government policy. The subjects must gladly hasten to obey these orders. What reason, indeed, have they for resisting Us? The Provincial Assembly must

have misunderstood Us; their allegations are mostly unfounded, and savour of forcible demands." Opposition to the policy of State-owned railways, which were to be financed by funds obtained from abroad, was not confined to Hunan. In Kwangtung, in Hupeh, and in Szechuan the popular clamour quickly assumed alarming proportions and edict followed edict, alternately threatening and cajoling, with the sole object of bringing about the submission of the people to the Imperial will. But all to no effect. The Provincial assemblies, local officials, press and people, alike united in a vehement denunciation of Sheng Hsuan-huai and his ill-starred policy.

At this stage it may be instructive to examine briefly the case as put forward by Peking and that advanced by the people of the provinces. As far as the Central Government was concerned it realised that national progress was dependent upon national development, and that such development could not take place unless there was an adequate and efficiently managed extension of China's railway system. Nowhere in the whole of the Empire was an improvement in communications more urgently required than in the four provinces with which we are concerned. Projects for linking up the Middle Yangtze with south and west had long been in existence, and, as I have already pointed out, some portion of the capital required for these undertakings had been forthcoming from the proceeds of taxation and of voluntary share subscriptions. In other words, "China for the Chinese" had become an established principle both in regard to the financing and construction of these railways. Moreover, each province had enjoyed entire control over all railway matters within its borders. But, as will be seen from the edict already quoted, practically no progress had been made under native management, while the funds had been either squandered or misappropriated. In the circumstances it is not surprising that the Peking Government should have decided to embark upon a policy the aim of which was to obtain a sufficiency of funds wherewith to complete the trunk systems of China and at the same time to ensure both proper construction and competent management of those systems. Hence the enactment of legislation to this

end, and the conclusion, with the diplomatic support of the four Powers concerned, of a loan with the international syndicate representative of England, France, Germany, and the United States. Now let us turn to the aspect of the question as it affected millions of Chinese whose money had been sunk in the various enterprises, and whose leaders were in so large a measure responsible for the deadlock which resulted in the memorable decree of May 9. The combined circumstance of the promulgation of the State-owned policy and of the conclusion of a foreign loan wherewith to carry this policy into effect could not have occurred at a more inopportune moment in the history of China. Borne swiftly from Peking in the north across hundreds of miles of territory, it proved to be the spark that found in the central and southern provinces an unprotected powder magazine in which lay stored a composite assortment of explosives. Unjust taxation and other methods of extortion, combined with the oppression and cruelty of the officials, had bred in the minds of the masses a spirit of discontent. Little wonder was it, therefore, that they lent a ready ear to the fierce eloquence of their leaders, whose attitude was not in all cases prompted by motives of patriotism. Fearful of losing their heritage as constituted in the railways, jealous of foreign aggression as typified in the four nations loan, and bitterly hostile to any extension of Manchu domination, for so they interpreted the Imperial edict, the people of the provinces, irrespective of class, formed a united front in their opposition to the Government. In some quarters the loan was stigmatised as friendly assistance proffered, not to the Chinese nation, but to the Manchu oligarchy, with whom the great Powers were supposed to be in league, with the object of keeping in check the popular liberties. In all the circumstances it is not surprising that an anti-foreign sentiment should here and there have betrayed itself; and it is indicative of the advance towards enlightenment made by the nation since the days of the Boxer rising that such sentiment was not permitted to exceed the bounds of angry rhetoric.

On June 17 the Throne announced by edict the Government's scheme for redeeming the moneys already invested in

the undertakings. These moneys, as we have seen, were partly subscribed by the wealthier classes and partly obtained by means of provincial taxation, so that the original shareholders comprised a very large percentage of the population in the provinces concerned. In general outline the scheme was as follows: All shares, whether privately subscribed or contributed by taxpayers, were to be redeemed by means of Government Railway Bonds, bearing interest at 6 per cent. per annum, issued jointly by the Ministry of Finance and the Ministry of Posts and Communications. In addition, the holders of such bonds were to participate in any future profits in proportion to their holdings. In regard to privately subscribed capital, however, the scheme of redemption was not intended to apply equally in the case of the four provinces interested. For example, although both Hunan and Hupeh were to be allotted bonds to the full amount invested, the shareholders of Kwangtung were to receive the Government scrip up to only 60 per cent. of the face value of their original holdings, the remaining 40 per cent. being met by non-interest bearing bonds redeemable in ten annual instalments on completion of the railway; while in regard to Szechuan, only the actual capital expended on works already completed was to be redeemed by the exchange of the Government 6 per cent. bonds, no provision being made to cover large sums which it was alleged had been embezzled or squandered by the officials of the local Railway Bureau. In the last-named province strong protests were raised against the Government's redemption scheme. As far as the resultant agitation affected Szechuan, I propose to deal with all the circumstances in a separate chapter, for most authorities are in agreement that these circumstances bore an important relation to the rebellion that was destined to break out at Wuchang. In the southern province of Kwangtung the shareholders, who, from the moment that the policy of State-owned railways was proclaimed, had offered a determined resistance to the Government—open revolt only being prevented by the stern repressive measures adopted by the Viceroy, Chang Ming-chi—were less vehement in their opposition to the redemption proposals. Large meetings had previously been held in Canton, at which it was decided

that the directors of the provincial company should petition the Viceroy praying him to memorialise the Throne for the rescission of the decree of May 9, and that they should send urgent telegraphic messages to the other provinces and to influential Chinese resident in foreign countries asking for assistance and support. This step was promptly met by the Viceroy, who prohibited any further meeting convened for the purpose of denouncing the Government's railway policy, and at the same time issued a proclamation annulling the resolutions already passed by the shareholders in so far as these related to memorialising the Throne. As a consequence of the Viceroy's strong action, the merchants and gentry of Kwangtung decided upon a policy of dignity and diplomacy, which found expression in an agreement in principle on the question of the nationalisation of the railways, with the provision that the country's assent should first be obtained through the whole matter being referred to the Provincial Assemblies and to the National Assembly in Peking. As the year passed the agitation in Hunan and Hupeh showed some signs of subsiding; but in the far western province of Szechuan a storm was swiftly gathering, a storm which at a later date was destined to break with terrific force over the Valley of the Yangtsze.

# LXXIV

## THE SZECHUAN RISING

IN none of the provinces immediately affected by the State-ownership policy and its corollary, the international loan, was the opposition aroused of so resolute and serious a character as in the province of Szechuan.

Situated in the far west of the Empire, its outer border touching the fringe of Tibet, Szechuan, rightly termed the Garden of China, had long been marked out by astute financiers of the West as a region that could not fail to reward exploitation. All that remained for the development of its resources—rich beyond measure in agriculture and minerals—and for the opening of its markets, was an adequate and efficiently controlled railway system. Thus it was that during the closing days of the reign of Kuang Hsu negotiations were being conducted with certain financial groups comprising representatives of Great Britain, France, Germany, and, subsequently, the United States, for the construction under foreign supervision of a link system of railways, not only in Szechuan, but also in Hupeh, Hunan, and Kwang-tung. Violent protests arose from the angry provincials, jealous lest the development of their own country should lead to the aggrandisement and, possibly, to the aggression of the foreigner. In the end popular clamour won the day, and from thenceforth it was decreed that the financing and building of railways should be entrusted to semi-official native companies, under the management of railway bureaux. But although years had passed since this local autonomy was conceded to the provinces, practically no progress had been made in railway construction. Internal dissension, inefficiency, extravagance, and corruption characterised the control of the bureaux, with the result that apart from the moneys raised originally and of revenue

obtained by means of taxation, the various companies soon found themselves without the necessary funds with which to carry on the work. It was not that there was any lack of wealth among the people of the provinces; but the rich gentry and merchants showed a natural reluctance to invest further in undertakings the conduct of which could only be described as unbusiness-like and unscrupulous. Nowhere were matters in such a backward state as in Szechuan, and, other things being equal, viewed from the standpoint of national requirements the condition of affairs in this province alone would have justified the Central Government in adopting the drastic measures outlined in the edict of May 9, 1911.

Before proceeding to describe the stormy events to which this edict gave rise, it may be as well to inquire briefly into the relations that existed between the Szechuanese and their rulers. The craving for modern education which in the years that followed the Boxer rising spread throughout the country had finally penetrated into the heart of remote Szechuan. Here, as in the other provinces, schools and colleges were established to which flocked thousands of pupils eager to absorb the new teachings. From Szechuan, as from the rest of China, young men were chosen to be sent abroad to the universities of Japan and of the West, who, on their return, did not hesitate to preach the doctrine of individual and constitutional liberty. It is not surprising, therefore, that the inauguration of Provincial Assemblies in 1910 found among the Szechuanese a newly awakened public opinion, a public opinion determined and candid in its condemnation of past misrule, and fierce in its hatred of the Manchu oligarchy. In a people who, by the very nature of their geographical isolation, had inherited a spirit of sturdy independence, the factors I have enumerated tended to mould a strong, if somewhat bigoted, patriotism. With the spread of education had come for the first time the knowledge of the history of China's foreign intercourse, a history which was interpreted as revealing nothing but a sinister design on the part of the Great Powers to rob China of her territories. Consequently, on the inauguration of a Provincial Assembly, more or less representative

of public opinion, side by side with the demand for popular liberties went up the insistent cry of "China for the Chinese." When, as I shall describe later, passive agitation on the question of the railways developed into active opposition throughout the province, there was a disposition on the part of certain foreign observers to cavil at the spirit of independence displayed by the Szechuanese, to ridicule an ignorance that could suggest such an impossibility as the partition of China, and pompously to rebuke the wanton stupidity of millions who dared to thwart the will of the bureaucracy. But surely it is not for Englishmen, who have enjoyed centuries of individual liberty and national security, to make light of a patriotic assertion, comprehensible even in its excesses, and affecting, as it did in the case of Szechuan, a territory as large as France and a population far in excess of that contained within the British Isles.

As time passed, the Assembly, which was extremely popular throughout the province, adopted an almost aggressive attitude towards the authorities. It condemned in no measured terms the corruption of the local officials, demanded to have a voice in the matter of financial control, and endeavoured to bring about a reduction in the salaries paid to the Viceroy and his immediate subordinates. Together with all the other Provincial Assemblies the Szechuan body made angry protest when, in May 1911, it became known that the newly instituted Cabinet, presided over by an Imperial clansman, Prince Ching, who had long since earned a notorious reputation for greed and corruption, and containing a large representation of the Manchu nobility, merely perpetuated under another guise all the evils of the Grand Council which it had superseded. It would be idle to pretend that the bitter resentment displayed by the Assembly, the gentry, and the merchants, was present to the same intelligent degree among the great mass of the people. But it was clear that an uneasy spirit was abroad, a growing consciousness that all was not as well as it might be. The individual struggle for a livelihood—for existence even—the burden of taxation, and the lawlessness which in spite of magistrates, of constabulary, and of the Imperial troops, flourished up and

down the countryside, combined to awaken in the minds of the untutored classes a dim idea that Manchu rule stood for nothing else than tyrannical despotism.

Such, then, was the general temper of the Szechuanese when the Throne made its memorable announcement in regard to the railways. In Chengtu, the capital of the province, the news came as something in the nature of a shock; but when, barely two weeks later, it became known that the Government had contracted over the heads of the people a foreign loan for the purpose of constructing the railways, the indignant gentry and merchants immediately adopted a positive line of action. The Chengtu Railway League was formed with the sole object of carrying out a systematic opposition to the policy of the Government, and it is to the part played by this body in the events that were to follow that we shall discover the important relation that the Szechuan rising bore to the Chinese Revolution itself.

But before proceeding farther it would be as well, for the sake of clearness, to explain that this rising developed two distinct phases. The first may be said to have started immediately the Chengtu Railway League adopted a positive attitude in its opposition to the Government's policy of railway nationalisation; the second phase, which was the logical sequence of the first, declared itself from the moment that knowledge of the Revolutionary successes against the Imperialists at Wuchang and Hankow began to reach the province. The writer proposes to deal mainly with the earlier events, for the reason that, in his opinion, they constituted the inevitable outcome of a pre-arranged and comprehensive plan of operations, conceived far beyond the borders of Szechuan, and aimed, among other things, at creating a diversion in the west in order to prepare the way for the *coup de main* on the Yangtze. That the organised centres of revolution in America and elsewhere were in touch with the provinces, was clear from the numerous telegrams received by leading men throughout the country, urging them to resist to the death the policy ordained by Peking. Some writers of unquestionable authority have insisted upon differentiating between what they hold to have been railway agitation pure and simple, and the anti-dynastic outbreak

which ultimately enveloped the whole of China. In other words, they claim that the earlier unrest, never revolutionary in character, was the spontaneous result of indignation arising from the policy of State-ownership of railways—with its corollary, the Hukuang loan—an indignation which they attribute partly to a blind patriotism, and partly to the jealous fear of the Bureaux that an illicit means of amassing wealth would disappear under the new regime. Such a contention presupposes that the leaders of the extremist party, long on the alert to seize a favourable opportunity, deliberately took advantage of a disturbed situation to the creation of which they had not contributed, in order to strike a swift blow at the dynasty. In the opinion of the writer, however, the evidence is overwhelmingly conclusive that the so-called railway agitation, if not actually ignited, was fanned into flame and subsequently employed with dread purpose by the leaders of anti-dynastic revolution both within and without the country. In support of this argument it is only necessary to quote the significant statement made at a later date by the rebel commander-in-chief, to the effect that, "On the defeat of the Republican forces at Canton (in May) the military Government was moved to the west and subsequently successfully established in Szechuan," and also the opening words of an imperial edict, issued on October 19, which declared that, "During the last two months disturbances have broken out successively in the two provinces of Szechuan and Hupeh, which have been secretly planned by the Revolutionaries with the object of disturbing the peace of the country." But the reader may well be left to judge for himself, in the narration of events that is to follow, as to the actual character of the Szechuan rising as revealed in its first phase.

From the first the Chengtu Railway League enlisted the ready sympathy and co-operation of the Provincial Assembly. Indeed all the facts would seem to show that the Acting Viceroy himself, Wang Jen-wen, secretly espoused the cause of the malcontents. Towards the end of May, the Assembly, voicing the agitation which had broken out all over the country, framed a petition in which they requested a "stay of execution" in regard to the Government's policy. This

petition the Acting Viceroy had the courage to transmit to the Throne in the form of a memorial, which, however, merely had the effect of incurring the Imperial displeasure. "Upon perusing the memorial," read the Imperial edict in response, "we are very much surprised. The conversion of the railway ownership to the State was decided upon, owing to the difficulties in raising the necessary capital by the commercial class, and the hopelessness of ever accomplishing the construction of their lines, in respect of which Szechuan is still much worse than Hunan.

"Moreover, the fact that large sums of its money have been involved in bankruptcies, the pocketing of the people's fat through 'squeeze' and extortion by the intermediaries, hurtful to the people and calamitous to the nation, are all common knowledge. The Throne has, therefore, resolutely authorised the taking over by the State, and the cessation of the 'capital per rental,' to release the people from their burden. When once a Government policy is fixed, there can be no logical ground whatever for retractation. The Provincial Assembly of the said province, ignorant of this idea, has nevertheless advanced rash demands and even requested a postponement in publishing Our Decree on Yellow Paper. This must have arisen from large misappropriations of the railway funds already collected, and the consequent impossibility of their being accounted for, for fear that if once the Decree is published, their secret can scarcely be long withheld. The said Assembly may, not without cause, be suspected of having been susceptible to intrigues by interested parties, in thus misrepresenting matters before Us, with the object of continuing their collections by means of such delays as those now proposed.

"Former Decrees have been issued, clearly setting forth the cessation of the 'capital per rental,' and instructing that safe means be devised for the undertaking; how could they be miscontrued for 'levying contributions.' Such illogical expressions and arbitrary conclusions only make their own abuses glaringly apparent. The said Acting Viceroy, notwithstanding his being an eyewitness of all these abusive circumstances, is really culpable for having so recklessly memorialised us on their behalf. A severe Imperial repri-

mand is hereby ordered to be retransmitted to him. He is again ordered to print and publish the Yellow Proclamation at once far and wide, and to advise and induce all in earnest terms from time to time."

Thus, at a glance we find revealed the uncompromising attitude of the Throne in the face of what was, even at this stage, only too apparently a determined and united opposition on the part of the provincials. Nothing could have been more significant of the spirit which animated progressive thought throughout the country than the reception accorded this latest manifestation of the Imperial will by the press of China. Gone was the last remnant of that respect in which for centuries past the common people had regarded the Dragon Throne.

"Would it be brave," asked a native journal, "to overcome and subdue the defenceless masses? We say the masses, because the Szechuan Provincial Assembly (as are all other Provincial Assemblies) is composed of men duly chosen and elected by them. What it has deemed fit and necessary to request of the Throne by means of a petition, must be deemed equally so by those whom it represents. The insinuations as to its intrigues, etc., are as mean and unjustifiable as other expressions in these Decrees are undignified. For a coercive measure may succeed for a while, but the heart of the people cannot be won in that way. . . . The people will not, we fear, tremble and submit to whatsoever whim the Throne may indulge in, as they did in times gone by, without a struggle."

Meanwhile the Chengtu Railway League, having established branches throughout the various districts of the province, rapidly drew adherents to its banner. Lest the shareholders, who by virtue of the special taxation referred to in the preceding chapter formed a large proportion of the population, should waver in their allegiance, a vigorous propaganda was started, which although ostensibly undertaken with a view to instructing the minds of the people on the specific question of the railways, had the designed effect of unifying and consolidating the various elements of unrest throughout the province into a deliberate agitation aimed at the imperial rule. Working in close harmony with the central organisation, hundreds of students went forth into the towns and

villages of Szechuan, where they earnestly expounded the doctrine that it lay within the power of the people themselves to throw off for ever the yoke of Manchu tyranny. "Do no harm to the foreigner, else our cause is lost!" was the continual injunction of these enthusiasts, plainly indicating, as the language of subsequent edicts was to prove, the revolutionary character of the movement. For, although an anti-foreign spirit was by no means absent from the agitation, it was kept well in check by unseen forces behind which, in striking contrast to the lessons of the recent past, lay a clear and enlightened recognition of the evils that would result from international complications.

Early in August a general meeting of shareholders was summoned to the provincial capital. Representatives from every district attended; and by the decisions arrived at, although these were not made public at the time, it was apparent that the cause for which the League was fighting was not restricted to the narrow issue of the railways. Through the acting Viceroy a series of demands was from time to time forwarded to Peking. First, the Government was asked to cancel the international loan and restore the railway to the province. Needless to say this demand was peremptorily refused. Then the League requested that the whole of the capital invested in the railways should be refunded to the shareholders. The reply of the Government was to the effect that, owing to the past malversation of funds, and to the fact that a complete reimbursement of the capital already raised would necessitate the negotiation of an additional foreign loan, only the amount represented by the actual assets and the capital in hand would be redeemed, and this by means of issuing Government Railway Bonds bearing interest at the rate of 6 per cent. From this moment events began to move rapidly. Towards the middle of August the Railway League, in consultation with the representatives of the shareholders, decided that as interest at the rate of 6 per cent. had been promised to the Szechuanese by the Imperial edict, they would, through the medium of Administration Chambers to be established throughout the province for the purpose, proceed to collect the amount involved by helping themselves to the land-tax. A

"compact" was drawn up by the League in the form of a poster, in which was set forth the procedure that was to govern the proposed chambers. As this document reveals the spirit of high purpose which animated the leaders of the movement, I propose to reproduce some of its provisions as follows:—

"The officials of a branch administrative office shall all be honorary.

"Should the gentry of the locality, by way of falling in with the view of the local authorities, raise obstacles or do damage, they must be resisted with all one's strength, thus:—

"By publication of their criminal attitude.

"By limitation of their voting power and of their communal privileges.

"By removal of their names from the local register, and by making residence impossible for them.

"By an attitude of indifference should their lives and property be endangered.

"Should the officials of the locality arrest any of the well-disposed, wrongfully stigmatising them as criminals, or unlawfully imprison them, the members of their chamber must resist with their whole strength, thus:—

"By strong protest.

"By themselves as a body assuming the guilt.

"By reporting to the head chamber at Chengtu, who will at once negotiate with the executive.

"By petitioning the yamens of the higher authorities, and asking for an inquiry.

"By bringing the matter to the notice of (1) the national, (2) the provincial assembly.

"By a refusal on the part of the Local Government officers to undertake any duty laid on them by the State.

"Should any member of the chamber get into trouble by acts done for his chamber, he must be aided as follows:—

"By suitable payments.

"In the case of the poor and helpless, by payments for the support of their families.

"By efforts on the part of the chamber to get the man acquitted.

"Should any member of the chamber be involved in such

serious trouble by acts done for his chamber as to lose his life, the facts shall be published throughout the Empire, and the following signal marks of compassion shall be shown :—

"A public funeral.

"An entry in the local annals.

"Where the results of his deed are great, a subscription for a bronze statue.

"In addition to subscriptions from the capital and country districts in aid of his family, a sum of 1000 taels from benevolences or railway fund shall, if approved by a majority of the head chamber, be bestowed on his family.

"The school expenses of his school children and young brothers shall be paid.

"These last shall not be called in to discharge any onerous duty."

This, the final, decision of the Railway League, was drawn up in the form of a report and submitted to Chao Erh-feng, who by this time had assumed the viceregal office. Thereupon the Governor-general promptly reported to the Throne that the people of Szechuan had refused to pay the land-tax.

In the meantime the agitation, organised and directed, gathered force. Towards the end of August a boycot was instituted in many of the principal towns, ostensibly as a protest against the policy of the Central Government. In Chengtu and in many other provincial towns, the shops were closed and a strike among the schools of all grades was declared. At prominent points in the narrow streets of the capital low platforms were erected, upon which were placed memorial tablets to the late Emperor Kuang Hsü, in whose reign, it will be remembered, the right to construct and manage their own railways was granted to the people of the provinces. "This seemingly innocent religious rite," wrote a correspondent to the *North China Daily News* at the time, "has a much more deeply laid plan. The platforms are just high enough for a pedestrian to pass under. Not so a sedan chair. The official accordingly desiring to pass from one part of the city to another is forced to dismount. He must, moreover, kowtow to the tablet, and is thus thrown at serious disadvantage should an attack be made. Of this latter there seems to be little fear, but it has done a more

effective thing in preventing the officials from holding meetings freely for consultation over their side of the situation."

An interesting illustration of the ingenuity displayed by the student propagandists in spreading the doctrine of revolution throughout the country was related in the journal from which I have just quoted. Upon pieces of wood, bearing the name "river telegrams," brief sentences were inscribed, as for example: "All the officials at Chengtu have been killed. Arm yourselves for resistance, for troops are coming to exterminate the Szechuanese." These "river telegrams" were then thrown into the stream at various points and were subsequently washed ashore at one or other of the numerous villages. "To the simple minds of the country people," wrote the correspondent, "these messages seem to have come from Chengtu, whereas they have been dropped into the water only a few miles above their desired destination." It should be explained that for some time past a course of the utmost severity had been advocated by the Minister of Communications in Peking, Sheng Hsuan-huai, and Tuan Fang, the Manchu official appointed to investigate the cause of the disturbance created by the State-ownership policy and the Hukuang loan. As a consequence of their recommendations, the Regent had ordered Chao Erh-feng to arrest the ringleaders and have them summarily decapitated. But hitherto the Viceroy, fearing popular reprisals, had disobeyed the Imperial command. When, however, the agitation culminated in the outward manifestations of hostility towards the Government which I have described, he was once more ordered by the Throne to arrest the leaders of the movement, prominent among whom were Pu Tien-chun, the president, and Lo Lun, the vice-president of the Provincial Assembly. There can be no doubt that by this time the Governor-general was fully acquainted with the fact that the widely-ramified organisation of the Railway League was in close touch with the revolutionary party, who were now established in various centres throughout the province, and who in turn could count upon the support of the secret societies and the local militia. Indeed it has been stated that in his subsequent actions he was actuated by a well-grounded fear that a plot was rapidly maturing, the aim

of which was to encompass his death and to overthrow the Imperial authority in Chengtu. However this may have been, it is clear that the Viceroy, having come to a proper realisation of the gravity of the situation, decided to adopt stern measures.

With the object of discussing the final arrangements in connection with their plan of campaign, the Railway League had convened a meeting of shareholders in the capital for September 7. Meanwhile, however, Chao Erh-feng had completed his preparations for carrying out a *coup d'état*. For some days past a system of military espionage had been unostentatiously organised throughout the city, and everything was in readiness for executing the Imperial commands. Early on the morning of the 7th, while the meeting of the Railway League was in progress, a courteous message was received from the viceregal yamen stating that if the leaders would kindly present themselves to the Governor-general he would be able to suggest to them a solution of the difficulty which would be satisfactory to all parties. The invitation was accepted and the leaders immediately repaired to the yamen. No sooner had they arrived, when by pre-arrangement a fire bell was rung, the streets became flooded with armed soldiery, and the city gates were closed.

When it became noised abroad that the leaders of the Railway League had been placed under arrest, a dense crowd headed by a band of students proceeded to the gates of the yamen and called upon the Governor to release his prisoners. From all accounts, the demonstrators preserved an orderly and serious demeanour, but it would appear that the temper of the officials had now gone beyond control. In a dispatch to the British Minister at Peking, it was stated that: "The late Emperor Kuang Hsü's tablet was placed in front of the crowd, some of whom were respectable people, others of the lower class. All begged the Governor-general to release the prisoners, and they promised that, if this were done, the shops would open and the agitation cease. Suddenly a red notice was exhibited from the yamen warning all that anyone entering the inner gates would be shot. No attempt had been made to enter the yamen, but on seeing the notice an expectant taotai, one Wang by name, ordered the troops to

fire, and some fifteen of the crowd were killed and wounded." A state of mad confusion followed. Panic-stricken people fled in all directions, many of them being trodden underfoot by cavalry galloping hither and thither and tearing down the shrines that had been erected to the worship of the late Emperor. In some instances innocent citizens were shot down for no other reason than that they were seen to be carrying incense sticks presumably as a mark of sorrow for the arrest of their leaders.

A proclamation was issued stating that the Railway League was dissolved, and its leaders arrested, while the people were enjoined to reopen their shops and resume business. It is recorded that men were sent through the streets ordering each street to send its head man to the yamen to give cause why the shops were not being opened. As these runners went along beating the old-time brass gong, the strips of yellow paper to the memory of the Kuang Hsü and other league literature disappeared like magic from the shop shutters. Stagings and shrines also began to totter, assisted by the police at times, but often by the people themselves, anxious evidently to be in favour with the power of the hour.

If Chao Erh-feng had hoped to quell the agitation by the simple expedient of seizing the leaders, he was destined to be speedily disillusioned. Bands of armed country folk, led by students, presented themselves at the gates of the city, and although in the skirmishes that ensued the Imperial troops were successful in driving them back, from this time forward Chengtu may be said to have been in a state of siege. Telegraphic communication was interrupted, and the rebels gathered in force at all the strategical points along the highways that led to the capital. Within a few days of the Viceroy's *coup d'état* rebellion had broken out in many parts of the province. It is not my intention, nor indeed from the information that is at present available would it be possible, to give a detailed account of the sanguinary conflicts that resulted between the rebels and the Imperial forces, the murderous outrages upon peaceful towns-folk and villagers, and the rapine and bloodshed that followed in the wake of the banditti as apart from the purely military operations of the insurgents. Reinforced at the outset by some three

thousand veteran troops from Tibet, the Viceroy had been able to concentrate his army in and around the capital, and thenceforward to conduct a punitive campaign from a well-organised base. For some weeks the fortunes of war, in actual engagements, went against the rebels; but defeat so far from scattering their forces and destroying their *morale*, merely had the effect of strengthening and consolidating their cause, and spreading the agitation.

In the beginning the insurgents were seriously handicapped in several important essentials. A system of finance had not been thoroughly organised ; the difficulty of control, leading on occasions to acts of indiscipline, was accentuated by reason of the fact that they were obliged unwillingly to include among their adherents the lawless elements of the province ; and, above all, their military equipment was hopelessly deficient. Indeed, in regard to this last consideration it is related that artillery pieces were constructed from the hollowed trunks of trees wound round with wire stripped from the telegraph poles. A foreign eyewitness described how in a rebel contingent comprising five "divisions," the first carried banners, the second bird-guns, the third big cannon taken from cities or newly moulded from the iron bells and incense urns of the temples, and fourth, clad in armour made from kerosene tins, carried ancient spears and swords, while the last consisted of a body of khaki uniformed officers. As time passed, however, circumstances began to favour the movement of insurrection. The war chest was supplied with funds from the proceeds of the land-tax gathered by the administrative chambers that had been set up by the Railway League. And here it is interesting to mention that one of the objects for which these chambers had been instituted was faithfully carried into effect, the families of men who had fallen in the engagements with the Imperialists being granted adequate compensation for the loss of their bread-winners. The establishment of a war-chest brought with it a general improvement in the rebel organisation, and troops which had hitherto been armed with ancient blunderbusses, and even with agricultural implements, were now supplied with modern weapons. Another factor which contributed largely to the ultimate success of the insurgents lay

in the defection that existed among the ranks of the Imperialists. At no period during the rising was the Viceroy able to place implicit reliance upon the trustworthiness of his troops, and when, finally, news reached Szechuan of the early triumphs of the revolutionaries at Wuchang, desertions became a matter of alarming frequency. In Chengtu the outward and visible signs of authority were still maintained, but a deep undercurrent of sedition was slowly gathering force, and the populace merely awaited the word from their leaders before ranging themselves on the side of revolution.

Meanwhile, to retrace our steps somewhat, the Central Government had at last awakened to a full sense of realisation as to the gravity of the situation existing in Szechuan. In spite of the bombastic and entirely fictional report forwarded to the capital by Chao Erh-feng, a report which stated that following the events of September 7, he had, in a sanguinary battle lasting seven days and seven nights, completely routed the rebellious forces and captured large supplies of arms and ammunition, the truth began to dawn in the highest official circles that Szechuan presented a problem, the solution of which would tax to the utmost the resources and ability of the administration. Towards the middle of September the Manchu ex-Viceroy, Tuan Fang, who, it will be remembered, had been appointed earlier in the year to the position of Director-general of the Hukuang railways, arrived at the Yangtsze port of Ichang, 370 miles to the west of Hankow, where he received an Imperial command to lead his troops, some three or four thousand strong, with all possible haste to the relief of Chengtu. Before he had proceeded much farther on his mission, however, the Chinese revolution was precipitated and he found himself in the unhappy position of being placed, as it were, between two fires. Behind him flared the terrible conflagration ignited at Wuchang, before him lay a hostile country already up in arms against the dynasty whose mandate he bore. He had still to traverse a stretch of territory more or less tranquil, and in the circumstances it was not surprising that he made his advance in a somewhat leisurely fashion. It was not until late in the year that he arrived at the port of Chungking where the revolutionary party were secretly planning to seize the reins of

government. Here he remained for some time, reluctant to move forward on what he realised to be a hopeless mission; but at length, through the secret agency of the revolutionaries, he was persuaded to depart on the plea that his continued presence gave rise to alarm among the people. Whether or not he was aware of the designs that were afoot, and that the apprehensions of the populace were merely the result of sedulously fostered rumour, the fact remained that quietly and deliberately Tuan Fang, the Manchu, left his last asylum and went forth with his Chinese troops into the country of the enemy. Within a few days of his departure, Chungking quickly transferred its allegiance to the revolutionaries.

Tuan Fang had not proceeded far when he came to the conclusion that to advance in the fulfilment of his mission meant the desertion of his troops, in which case his life would not have been worth an instant's purchase, while if he retreated he would merely fall into the hands of the revolutionaries along the Yangtze who had already placed a price upon his head. The only course that lay open to him was to return to the capital by a circuitous route, and this he decided upon. Summoning the troops to his presence he delivered an address in which he informed them that revolution was rife throughout China, and that nothing remained but for them to accompany him on a long march to Peking. Angry mutterings arose among the soldiers who, refusing to entertain the suggestion, noisily repaired to their quarters. In this hour of crisis even his officers deserted him. Realising the peril in which he was placed, Tuan Fang assumed a disguise, and, being borne in a chair by three coolies, attempted to escape to the north. No sooner had he started than he was detected by a party of his own men, who dragged him rudely from the chair and took him to a neighbouring temple. The end came swiftly. Fiercely approaching him from behind a soldier attacked him with a sword, severing one of his ears. Thereupon Tuan Fang turned and faced his assailants, who called upon him to kneel. But bravely and resolutely he stood his ground. Instantly a dozen blades gleamed and a moment later the headless body of Tuan Fang lay at the feet of his treacherous troops.

On November 27, the very day that Tuan Fang went to

his death, a republican government was proclaimed in Chengtu. For some weeks past the authority wielded by Chao Erh-feng had been purely nominal, most of the troops having gone over to the republican cause; and when the favourable moment arrived for the revolutionaries to carry their plan into execution he voluntarily relinquished his office. Indeed before the actual transference of authority took place he had conferred with the republican leaders, and, as a result, a mutual agreement was arrived at governing the terms of the viceregal surrender. In regard to these terms, it is only necessary to mention that an arrangement was come to whereby the services of the Viceroy were to be temporarily retained in an advisory capacity; but that ultimately he was to proceed, in accordance with the previously expressed commands of the Court, issued in the form of an edict of condemnation, to take up his position on the borders of the province as Warden of the Tibetan Marches. A few weeks later, however, on a charge that he had been plotting to set fire to the city and, with the troops that still remained loyal to him, to fight his way to another part of the province, he was arrested and summarily beheaded. It only remains to be added that some time before the events which I have related took place, Sheng Hsuan-huai, the Minister of Communications, was summarily dismissed from office and sent into retirement. Indeed, had it not been for the intervention of the British and American Ministers in Peking, he would have been led forth to execution. In an edict issued on October 26, in response to a memorial of impeachment tendered by the National Assembly, the Prince Regent stated that, "The origin of the present revolution is to be ascribed to the Minister of Communications, Sheng Hsuan-huai, who deceived the Throne and stirred up hatred by his illegal actions. The said Minister, being in control of the system of communications, did not scruple obstinately to act on his own authority, and, failing to distinguish between matters great and small, no heed was paid by him to consulting the Senate or referring to the Cabinet for decision in cases where this should have been done. No sooner had the Cabinet announced a policy than he would at once proceed to spoil it, memorialising in his own name

to the deception of the Throne and people alike, and besmirching the schemes of the Government, thus gradually bringing about calamities.

"The present trouble in Szechuan is principally due to the Ministry's decision only to allow the funds actually expended on work and materials to rank for repayment in guaranteed Government bonds, and not to repay in accordance with the actual capital subscribed, as was done in the case of the mercantile shares of the Hupeh Railway, and, further, the decision to treat the millions lost . . . . as non-existent, caused great hatred and grief—governors and governed were estranged, and the outbreak in Szechuan was the result, men's minds were disturbed, and revolutionaries and mutinous soldiery seized the opportunity to create disturbance. Verily this Minister is a principal enemy of the State.

"We find that the nationalisation of the railways was in its inception a policy based on our compassion for our merchants and people, but Sheng Hsuan-huai failed to carry out our virtuous intention, and dealt ill in many respects. Sheng Hsuan-huai has enjoyed many favours from the Throne, and his conduct in presuming to act illegally on his own authority to the detriment of the public interest displays an utter lack of sense of gratitude and of duty.

"Let the Minister of Communications, Sheng Hsuan-huai, be forthwith cashiered, never to be re-employed."

It is probable that history will place a different interpretation upon the actions of Sheng Hsuan-huai than that conveniently adopted by the Regent; and it is not unlikely that the disavowal of Imperial responsibility for the outcome of the railway policy, as set forth in the above edict, will rank in the dynastic annals as one of the most glaring cases of Manchu cowardice, perfidy, and hypocrisy.

Sufficient has been written to show that Szechuan, although it contained many elements of dissension that were subsidiary to the main issue, was the cradle of the Chinese revolution. Nowhere in the Empire was the power of combination against the common enemy more plainly shown among the sturdy manhood of the country than in this remote region; and when the leaders of popular discontent picked their

quarrel with the Government over the fatal policy of railway nationalisation, they may be said to have controlled a movement, embracing the entire population of the province, that gave the signal for the great anti-dynastic revolution that was to follow.

# LXXV

## THE OUTBREAK

THE revolution in Hupeh broke out with dramatic suddenness. Few, if any, of the European residents in China, including even that little band of diplomats and publicists whose duty it was to watch closely the situation from day to day, realised that the Wuchang mutiny was to be the forerunner of a violent movement destined to sweep away the Manchu Dynasty and to set up in its place a republican form of Government. Nor can it be truthfully said that any failure in this respect to gauge accurately the significance of the outbreak could be attributed to lack of perspicacity. While foreigners living in China were not blind to the existence in their midst of those ominous signs of the times which are described in preceding chapters, they had grown accustomed to "false alarms," and, as a consequence, in their desire to shun panic they were apt, when brought face to face with the evidences of a genuine upheaval, to underrate rather than appreciate at the proper value the serious nature of the forces at work. The ravages of sword, famine, and flood had often in the past afflicted China, but the Dynasty always emerged triumphant, though materially weakened. Prophecy frequently went so far as to fix exact periods when the great transition should begin, as for example, the moment when the last breath of the Empress Dowager should leave her body. But again and again these forecasts were falsified, and the Dynasty survived its tribulations only to be met at every turn by new ones, the last more formidable than the first. So great an authority as Sir Robert Hart was not prepared for the national assertion of China until at least a century had passed away. Writing now in the light of subsequent events, it is apparent that the pace with which the revolutionary propaganda

prepared the ground for violent action was amazingly swift. That foreign residents in the country should have been unprepared for the startling developments that followed the Wuchang mutiny is not at all surprising. For the most part they dwell in the narrow confines of treaty-ports situated upon the remote fringe of China. To few of them have the inner workings of the Chinese mind been revealed, and to these only imperfectly. Consequently it is not difficult to account for the circumstance that although a revolution had long been looked upon as inevitable, the early indications that such a movement had begun in earnest were not regarded seriously.

It must be manifest, when the din of battle has hardly died away, that thus early to describe accurately and in detail the stirring events of this period would involve a task beyond the limitations of human capacity. To sift rumour from reality, and so present an adequate account of the great transition will be an undertaking well worthy of a competent historian in the future. For the Chinese revolution, as its widespread consequences unfold, will come to be regarded as an event that in itself made an epoch. These words may perhaps at once serve as a preface and an apology for that which is to follow, and which at the best can only claim to be a coherent narrative composed of the fragmentary testimony of eyewitnesses.

As yet it is uncertain whether or not the conflagration was premature—that is, premature in the sense that although the ground was ready for ignition the Wuchang spark had an effect which anticipated the plans of the leaders in so far as actual dates were concerned. The complete triumph of the movement, however, renders this point relatively unimportant. The revolt in the neighbouring province of Szechuan had been making considerable headway, though at the expense of considerable bloodshed. At the beginning of October it was estimated that 10,000 men on both sides had been slain, the casualties in wounded were also enormous, while vast areas had been devastated and thousands rendered homeless. It is difficult at this period to determine whether the Wuchang outbreak was part of an organised campaign intended to cover both provinces, Szechuan and

Hupeh. Present indications point to the circumstance that although the underlying sentiment was the same in both cases—hatred of the Manchu Dynasty and its tyrannical works—there was no deliberately pre-arranged co-operation. Doubtless history will record that the great revolution started as a consequence of an incident that on the surface appeared not to be of unusual importance. The revolutionaries had established their secret headquarters in a house situated in the Russian Concession at Hankow. Here they installed a complete plant for the manufacture of dynamite and other explosives, and collected badges and flags in readiness for an organised outbreak. An accidental explosion on October 9 is said to have led to discovery. An attempt to set fire to the house failed, and the inmates escaped through a back window. On a search being made of the premises many documents of a highly incriminating nature were found. A perusal of these revealed the intention of the revolutionaries to begin their campaign the same night. Hupeh was to be the base from which the whole of the Yangtze provinces were to be attacked. Many arrests were made and a number of prisoners, assumed to be ringleaders, summarily beheaded. The city gates of Wuchang were closed and an energetic search for conspirators conducted. The Viceroy, Jui Chêng, reported to Peking, with somewhat premature jubilation, that the discovery of the plot, together with the prompt measures subsequently taken, had anticipated a revolution. Before little more than twenty-four hours had elapsed he was destined to be sadly disillusioned. The events that led to his ignominious flight are still somewhat obscure. Wuchang was the headquarters of the army of Hupeh, which consisted of the eighth division, numbering 12,364 officers and men under the command of Chang Piao, and the 21st mixed Brigade numbering 5324 officers and men, under the command of Li Yuan-hung. According to one account, the mutiny had its origin in the execution of eight soldiers who were caught in the act of stealing a machine gun. Whatever may have been the exact nature of their offence, there is little doubt that the beheading of soldiers consequent upon the discovery of disaffection led to insurrection. To

find an authoritative account of what took place, we must turn to the Viceroy's account published in an Imperial Edict, and a letter addressed by General Li Yuan-hung to Admiral Sah urging that officer to forsake the Imperial cause. Both the documents were translated and reproduced fully at the time in the *North China Daily News*.

"Jui Chêng reports by telegraph," records the edict, "that he was trying and disposing of the rebels captured during Monday night upon discovery of their plotting for a revolution, when their comrades conspired with the engineering and luggage regiments, and they suddenly burst out in support of each other on Tuesday night. The engineer regiments ferociously assaulted the armoury of Ch'uwantai, while the luggage regiments set fire to their own camps and forced an entrance by destroying the gate of the city. Jui Chêng, in company with Chang Piao, Tieh Chung, and Wang Li-k'ang, directed the army and the police, and conducted in person the Constabulary Corps to resist this attack. But owing to the rebel assault being made simultaneously from several points, and their number being very large, Jui Chêng had to retreat on board the cruiser Ch'uyu, which moved to Hankow."

The following extract from the letter of General Li Yuan-hung also tends to throw light upon the early events of the revolution :—

"The reason why I come out this time as leader of the men is owing to '*force majeure*'; and I would respectfully beg to explain it more fully to you. At the time when the Wuchang rising broke out, all the troops under my command were away, leaving me in an empty camp absolutely without means of defence. When the revolutionary army had driven Jui Chêng out of the city, they came to my camp, surrounded it, and made a search. I, having dressed myself in civilian clothes, hid myself in a rear room, from which I was discovered and captured, and reprimanded for want of patriotism. All around me wore pistols and guns, my head and body would certainly part company upon the least attempt at resistance on my part; therefore I had to consent to their demand, as a means of policy. You, my Master, must know all along that I am always very careful;

and must have wondered greatly that I could have behaved thus in an emergency. Although attending business for several days, I dared not lightly move, because I did not know the true sentiments, the strength of unison, and the chances of success of my compatriots. Should I lightly make a rash move, it might entail disastrous results which would throw us into a state of chaos, and not only we would be unable to redeem the humiliation of the Han[1] clans, but would augment their peril and danger. Now having commanded the army for eight days, I find that all of us are one-minded, imbued with the same enmity and hatred towards our common foe.

"In old times, Wuwang said: 'Ch'ou has millions of servants, but they possess millions of minds. I have 3000 servants, but of one mind.' Now, of one mind, we have more than 30,000; and still, scholars from all the provinces, mostly having studied in special schools in Japan and Western countries, members of the gentry of the purest blood for generations, with useful knowledge and rich experience, as well as officials, the gentry, and others of this province, are joining us continually."

A perusal of the documents reproduced above suggests some interesting reflections. The question occurs to the mind as to whether the outbreak, which, according to the documents found on October 9 in the rebel headquarters at Hankow, was planned for that very night, was to be the opening move in the great revolution which Dr. Sun Yat-sen and other reform leaders had long contemplated. All evidences seem to point to an affirmative answer. To have attempted insurrection without first making sure of the support of the army would have been folly of the worst kind. Consequently, although the mutiny of the soldiers was directly inspired by their anger at the infliction of capital punishment upon eight of their number, the revolutionaries had doubtless provided for support from this quarter, and counted upon it being forthcoming at the proper moment. Whether or not the disaffection of the army would have been so complete had it not been for the provocation arising out of the executions is a matter

[1] The Chinese style themselves "Sons of Han."

for speculation. In the circumstances, too much importance need not be attached to General Li Yuan-hung's statement that he was compelled at the pistol point to join the rebels. From the outset he was clearly in sympathy with the cause of revolution, and in the letter, an extract of which I have just quoted, he took no pains to conceal his views. The ready way in which, at a later date, he co-operated with Sun Yat-sen, Wu Ting-fang, and other prominent leaders of the movement, would seem to indicate that from the first he was not altogether unaware of their projects.

Within forty-eight hours of the discovery of the rebel haunt in Hankow, the city of Wuchang was completely in the hands of a strong revolutionary army led by an able general. Two regiments and some cavalry, under the command of Chang Piao, were said to have remained loyal, and the remnant of these, after severe fighting, succeeded in making good their escape to the opposite side of the river. The Rev. Bernard Upward, who witnessed their arrival at Hankow, wrote at the time :—

"Next morning (October 12) I was out on the Bund by the Yangtze, just before six o'clock, and saw a regiment of soldiers hastily disembarking. An inquiry elicited the information that they were the remains of the Royalist Army, who had escaped the previous day to Hanyang, and were now fleeing towards the main body, supposed to be coming down from the North to put down the rebellion. They were allowed to go through the Concession, and have since moved to a place some twenty miles away. There were four companies of them and some stragglers, looking clean and smart as to uniform, but haggard and tired in appearance. They had been fighting for a day and a half, and had had no food for two days. Report says they have joined a regiment of soldiers sent down from Honan."

The same writer, continuing a vivid description of the scenes and incidents that came under his notice, remarked : "All this time the missionaries in Wuchang were shut up, the gates being all in the hands of the Revolutionaries, and no one being allowed to go out or enter. The American Consul, with the commander of the gunboat *Villalobos*, made

an attempt to get his nationals out of the shut-up city. But not a gate could be opened. One Chinese rashly put his eye to a hole in the great door to try and see what was going on inside. He never saw anything again, but dropped at once shot through the brain.

"Since daylight we had seen dense black smoke rising in immense volume over Wuchang City. It seemed like the city's funeral pyre. Later on we learned that it was the final burning up of everything pertaining to the Viceroy's yamen. It burned for hours. At 9.30 A.M. I saw a huge column of smoke rising in Hankow City, immediately to the west of us. It was the first sign that trouble had started on our side of the river. Soon after lunch we heard sounds of heavy guns being fired, and immediately afterwards the firing was stopped and was not resumed. Later on we learned that the Revolutionary batteries and the Royalist cruisers had been exchanging shots; but that as the cruisers had dropped downstream as they were firing, and as the fire from the batteries was being drawn in dangerous proximity to the Foreign Concession, the Japanese Admiral (as senior naval officer now acting in command of the defence of the settlement), on a request from the English commander, ordered the cruisers to stop firing or he would stop them. They desisted. . . . The first news that greeted us was the safe extradition of the Wuchang missionaries; also I learned something of the story of the last forty-eight hours in that seething cauldron. Not a Manchu had been left alive in the city—men, women, and children had all been exterminated, and their dead bodies piled up in heaps on the streets or left lying about the roadway."

Let us turn aside for a moment from the scene of carnage in the South to describe the effect that the news created in the North. The Dynasty stood trembling by the side of an open grave. Everywhere in the capital consternation prevailed. Never in the long history of China's vicissitudes had the agitation of the Vermillion Pencil betrayed itself more openly than was the case at this period. Edict after edict described the death agony of the Throne, employing that quaint phraseology which like other expressions of a

barbaric, though none the less picturesque, era, was soon to vanish before the forces of progressive materialism. At first a certain note of vindictive arrogance could be traced in the manifestations of the Imperial will. The Viceroy of Hukuang (Hupeh, and Hunan) was blamed for his "ungrateful and negligent behaviour." The Throne concluded that the conspiracy between soldiers and rebels must have been planned long before the actual outbreak. Jui Chêng's failure to take preventive measures was held to be unpardonable. He was instantly cashiered, but was given an opportunity to expiate his crime by the performance of some signal service. Consequently, he was appointed Acting Viceroy of Hukuang, and on pain of severe punishment was made responsible for the recovery of the capital city. Disgrace was also visited upon the unfortunate commander of the eighth division. "Chang Piao," declared an edict issued on October 13, "has been training the Hupeh Army for a number of years already; that such a conspiracy between soldiers and rebels, resulting in the loss of the capital city, could have happened, clearly proves that he has been training it without methods. Moreover, he had neither taken precautionary measures in advance, nor had he the discipline to control them at the time of emergency, which shows that he has not obtained the sympathy of his army. He even dared to escape from his camp and abandon his trust. He has really committed a very grave offence, and is unpardonable. Chang Piao, Commander-in-Chief of the New Army and Provincial Commander, is hereby cashiered instantly, and Jui Chêng is commanded to order him to speedily punish the rebels very severely and to recover the capital city. All those soldiers who have been coerced but are not willing in heart to join the rebellion, are to be at once received back and pardoned by some means. Should they still be timorous and remain inactive, they shall certainly be punished with a higher penalty."

Singularly enough, the leader of the insurgents, Li Yuan-hung, escaped Imperial censure. Apparently having in view peace negotiations, the Throne was anxious to stand well with him.

The autumn army manœuvres were promptly cancelled;

two divisions received orders to proceed to Hupeh; and Yin Chang, the Minister of War, was appointed to command the forces in the field. Admiral Sah Chên-ping was directed to undertake naval operations against the rebels. On October 14, two days after these measures were decided upon, an edict was issued recalling Yuan Shih-kai, appointing him Viceroy of Hukuang, and giving him supreme command of the Imperial forces both on land and sea. For the moment we are not concerned with the tortuous negotiations which led eventually to his return to power on his own terms—terms that constituted him Dictator of the Empire. It is sufficient to recall that the Regent originally offered as an excuse for sending him into retirement solicitude for his health occasioned chiefly by a sore foot. Yuan Shih-kai made subtle use of this pretence in rejecting the panic-stricken overtures of the Government. He replied that his foot was not better. Nor indeed, in spite of a grave command from the Court to recover quickly, was any perceptible improvement in the state of this limb evident until the Regent completely yielded. The success achieved by Yuan Shih-kai on this occasion certainly falsified, as far as China was concerned, the hackneyed dictum that no man is indispensable.

Financial panic quickly spread throughout the land. Many native banks besieged by anxious depositors and noteholders were compelled to close their doors; other establishments paid out enormous sums. Later, foreign banks were affected. Notes of all kinds, even those issued by financial institutions of highest standing, were distrusted. Consequently, there was an unprecedented demand for Mexican dollars; rice went up to unheard-of prices; and for a time trade was at a complete standstill.

# LXXVI

## THE REVOLUTIONARY ORGANISATION

BEFORE proceeding to describe some of the events of the campaign, it may be of interest to set forth the little that is known concerning the development of the revolutionary cause. The exact strength of the rebel army could not be ascertained, but it may safely be assumed that General Li Yuan-hung had at his disposal a force of 25,000 men, the majority of whom were trained soldiers equipped with modern weapons. The whole province was seething with the spirit of revolt, and the insurgent forces were daily augmented. It was not long before the vast region of the Yangtze Valley was ablaze with the frenzied enthusiasm of rebellion; recruits offered themselves in thousands; and there were even cases of women donning uniform and beseeching permission to go into the firing line. The movement was by no means confined to the rabble; it was essentially patriotic in scope, inasmuch as it embraced all classes within the community—the classical scholar, the gentleman, the trader, the farmer, and the coolie. The recruits willingly rendered themselves amenable to military discipline. Without delay, they were put to their drills, and one observer was moved to a spirit of humour by the sight of a detachment endeavouring to perform the goose-step. The khaki uniforms, looked upon as emblematic of Imperial service, were promptly discarded, and instead, black winter uniforms, shorn of facings but with white bands on the sleeve, were worn. The rebels, with almost fanatical haste, cut off their queues, thus exhibiting their irrevocable determination to adhere to the cause of revolution. Upon their flags were inscribed the words, "Hsin han meih man," which translated meant: "The new Han Dynasty. Extirpate the Manchus." The following

sample of a revolutionary manifesto, typical of the many circulars issued about this time, affords the best possible evidence of the bitter spirit that inspired the movement :—

"All the Han Brothers should know that the rising by the revolutionists is for the salvation of the people and the punishment of the guilty. The Manchu Government has been tyrannical, cruel, insane, and unconscious, inflicting heavy taxations and stripping the people of their marrow. It treats our Han people contemptuously as mere dirt, it is unconscious altogether of the misery and distress of the masses. It will not give relief to the starving all over the plains. It is exhausting the blood of the people in order to build and ornament palaces and parks. All these acts of tyranny are known to the whole world, and heartrending sorrow is aroused by the mention of them. Recollect that when the Manchus first entered the Chinese domain, cities full of men and women were put to the sword without exception. Such barbarity and cruelty have rarely been known, whether in olden or modern times. To leave the wrongs of our forefathers unavenged would shame us who are gentlemen. Therefore, all our brothers should understand their duties, and help the revolutionary army in the extirpation of such barbarous aliens. The Heaven-bestowed duty of every citizen with its responsibilities is unshirkable, and that is, without the least doubt, to sweep away and extinguish what injures the people. To-day's opportunity is bestowed on us by the Great Heaven; if we do not seize and make use of it, until what time shall we wait then? Long live the Revolutionary Army."

A comparison of the *morale* of the insurgents with that of the Imperial forces revealed instantly the enormous advantages possessed by the former. The Chinese army was honeycombed with sedition, and when paid at all was ill-paid. As detachments arrived at the front, they were met by insurgents and invited to transfer their allegiance. Although it is difficult to ascertain the exact number who changed over, there is no doubt that the total amounted to several thousands. And of those who remained loyal the majority had no spirit to fight in a cause which at heart they despised.

Evidences of careful organisation, no less than enlightened

foresight, were to be found in the rigorous measures adopted to exclude from the movement any display of anti-foreign sentiment. The leaders were determined that the campaign should not bear the evil character of the Boxer rising, and that, so far as human effort could accomplish their purpose, the Powers should have no cause for intervention. For, not altogether untutored in the history of Western diplomacy, they were not unmindful of the fact that more than one nation was interested in the maintenance of the existing regime, for the reason that its weakness rendered it an easy prey. Wisely they realised that were excuse to be given for outside interference, the whole campaign might collapse, in which event they would be robbed of the fruits of their daring. Thus one of the first proclamations of the "Huang Dynasty of Hupeh" was drawn up in the following severe terms: "Those who conceal officials or who injure foreigners, treat merchants unfairly, interrupt commerce, or kill, burn, or fight the foreign volunteers of Hankow will be beheaded. Further, all those who supply the revolutionaries with food or ammunition, who protect the foreign concessions of Hankow, guard Christian churches, or give information to the headquarters of the revolution about the movement of the enemy will be rewarded." Moreover, conditionally upon the Powers assuming strict neutrality, an undertaking was given that all existing treaties and engagements would be respected by the new "Government." That the fighting which raged for many days round Hankow and Wuchang was unaccompanied by foreign outrage of any kind was in itself an indication of the progress made in China since the Boxer rising.

Thus the revolution in its very earliest stages assumed the character of a carefully controlled movement. Those who directed the operations in the field must have realised that to accomplish success the campaign must be short and sharp. There was the problem of finding the money wherewith to pay the troops and supply them with food. Patriotic fervour among newly and somewhat suddenly awakened hordes could not reasonably be expected to endure for long, and least of all upon short rations. It was admitted that a considerable sum of money was available, and that a large

portion represented subscriptions from Chinese residents abroad, notably America. This circumstance would seem to prove that the Wuchang mutiny was the pre-arranged opening move in that great revolution, so long contemplated by men of the type of Sun Yat-sen, and that the discovery of bombs and documents in the house at Hankow merely advanced the programme by a few hours. The finding of two million taels in the Government mint at Wuchang was a welcome addition to the revolutionary funds. Apart from the need for money as an incentive to decisive action, there still remained the problem of providing sufficient ammunition and equipment. Opposite lay the arsenal and ironworks situated on the Han river. During the night of October 19 a number of insurgents crossed the Yangtze in sampans, and under the pretence that they were escaping loyalists were admitted within the arsenal enclosure. The ruse met with complete success. Once within the gates the rebels donned the white emblem of their cause, and after a brief encounter, in which no lives were sacrificed, the arsenal capitulated. It was known that the establishment was equipped with modern machinery of the best type, and that it employed a number of Chinese. At the time, the spoils which fell to the victors were reported to be enormous—20,000 Mauser rifles, 3,000,000 cartridges, and a number of guns. As a matter of fact, however, it would seem that this estimate was largely exaggerated. One of the insurgent leaders, in the course of a speech delivered at a later date, remarked that as a consequence of the corrupt practices of the officials only few rifles and little ammunition had been found at Hanyang, and that not a single big gun was captured. On the other hand, he emphasised the fact that the Imperial forces were well supplied with modern weapons, and said plainly that in this direction they had received material assistance from a "certain Power." Nevertheless it is undeniable that the insurgents derived incalculable advantages from their possession of the arsenal; and night and day they worked the plant to their own profit. In this respect they gained at the outset an advantage which in 1851 was denied the Taiping rebels, who raised the standard of revolt without military equipment of any kind.

The prompt seizure of the arsenal made it more than evident that the battle-ground of the revolution was carefully chosen with an eye to its strategical possibilities; that, in other words, the outbreak was the result of deliberate organisation. Within ten days of the Wuchang mutiny the rebels were in a fair way to achieve success. The backbone of their army was composed of well-trained troops; their commander was a general versed in the scientific methods of conducting warfare; and an arsenal was in their hands. Above all, the sentiment of the populace was with their cause; the Imperial forces then opposed to them were but a remnant of the disaffected troops—a shattered remnant; and the main body of the "avenging army" was still far distant. Finally, the shock of their early triumphs had literally benumbed the haughty officials of the capital.

# LXXVII

## THE CAMPAIGN OPENS

As time went on it became manifest that the movement was intended to be the great revolution so long planned in secret by the reform leaders, whose network of propaganda was world-wide. Future historians will doubtless have at their disposal abundant material wherewith to demonstrate the truth of this statement. The contemporary writer, however, is compelled to rely upon the significant deductions to be drawn from isolated incidents, rather than upon direct evidence of authoritative origin. For example, an official despatch to the Foreign Office from Lima, the capital of Peru, described the enthusiasm which the outbreak had infused among the fifteen thousand Chinese residents in that city. A local "Patriotic Society" opened an office for the purpose of receiving donations "to protect the Republicans of China," and by October 20 a million pounds had been subscribed in Lima, Iquique, and Guayaquil. The British representative added that his own servant had sacrificed two months' wages for the cause; that the funds were transmitted by telegraph to Honolulu, where the revolutionary finance committee was apparently located; and that the Chinese revolutionary committee in Lima was in telegraphic communication with the rebels in the field at Hankow. The case of Lima is only interesting inasmuch as it affords an example on a small scale of the enthusiastic support which the movement derived from Chinese communities the world over. In the United States, more particularly in California, the revolutionary organisation was perfect, and the amount received from the wealthy Chinese who had taken up their abode in that country must have been enormous. On October 15 Dr. Sun Yat-sen, who had recently visited England, arrived in Chicago, where he was

greeted by a triumphal procession of his countrymen, and two hundred thousand dollars was subscribed in a very short time. Further testimony that the outbreak was deliberately timed came from other sources. Already passing allusion has been made to the prompt measures adopted with a view to protecting foreign interests. The notification referring to the subject was issued on October 12, only two days after the outbreak of the revolution, and it bore the seal and authority of "Li Yuan-hung, Commander-in-Chief of the Army of Hupeh of the Military Government of the Republic of China." The opening paragraph vouchsafed the significant information that "On the defeat of the Republican forces at Canton the Military Government was moved to the west, and was subsequently successfully established in Szechuan. In view of the fact that the Republican party, although it possessed both adherents and power, had no territorial jurisdiction, foreign governments have hitherto refused to recognise it. Now that the territory within the province of Szechuan has been occupied, however, the three necessary constituents of a nation have been secured. The Military Government is inspired with an ardent desire to recover the land of our ancestors and with hatred of the wrong-doing of the Manchu oppressors. I have now been instructed to raise forces at Wuchang, and it has been unanimously decided to exterminate the enemy in the hope of preserving international peace, of furthering the happiness of the human race, and of strengthening the good relations existing between us and friendly Powers."

The notification then proceeded to outline the policy of the Government under the following seven headings:—

(1) All treaties contracted by foreign Powers with the Imperial Government will continue to be observed.

(2) All property of the subjects of foreign Powers situated within territory occupied by the Military Government will be recognised and protected.

(3) All privileges already granted to foreign Powers will also be recognised and protected.

(4) All payments due from the various provinces on account of indemnities or loans will be made in full at the proper dates as hitherto.

(5) All munitions of war supplied by any foreign Power for the assistance of the Imperial Government will be confiscated.

(6) Any foreign Power assisting the Imperial Government to resist the Military Government will be regarded as an enemy.

(7) No treaties whatsoever made subsequent to the date of this notification between foreign Powers and the Imperial Government will be recognised by the Military Government.

Finally, it was announced that the above seven articles had been communicated in order "that you may be assured that the troops are acting in the public interests, and that there is no anti-foreign feeling whatever in the movement."

The care taken to secure the neutrality of foreign Powers, together with the measures adopted for the protection of their interests and the lives of their subjects, was evidence of statesmanlike foresight, no less than of capable organisation. Early in December the British Minister at Peking recognised that the disturbances in Szechuan had assumed a revolutionary character. "The anti-railway agitators," he wrote in a despatch to the Foreign Office, "by forcing the Government to deplete the neighbouring provinces of troops, gave the Wuchang revolutionaries the opportunity for which they had been waiting, and now the Wuchang rising has converted the Sezchuan one into a frankly anti-dynastic outbreak, aggravated by unfounded rumours of the supposed approach of the British troops and by threats of intervention, which His Majesty's Government is represented as having made to the Chinese Government." If the notification of Li Yuan-hung is to be accepted, then the Republican party was closely identified with the Szechuan unrest, as well as the earlier rising in Canton long before the Wuchang outbreak. On the whole, therefore, the conclusion that this latter event was merely part of a well-considered and comprehensive plan of campaign, already to some extent in operation, is probably correct. That resentment already existed in Szechuan against the Administration because of a cause that might be described as local—the railway policy—does not contradict the idea that the province was the cradle of the revolution. For the Republican

party was not slow to seize the opportunity of fomenting local agitation in order to accomplish their great purpose of overthrowing the dynasty.

In this purpose the Wuchang outbreak, with its attendant incidents, assumed large importance as the central event in a grand plan of campaign designed to encompass the whole of China. Recognition at the outset that such a theory is near the truth, will enable the reader to appreciate at its proper value the account of the military operations that is to follow. The fall of Wuchang and Hanyang has already been described.

On the outbreak of the mutiny the few foreigners resident in the former port succeeded in making good their escape by crossing the river to Hankow. Several of their number however, returned later to the city with a view to picturing for various newspapers the scenes that were to be witnessed there. This venture involved not a little daring; but no one who is acquainted with the foreign communities in China will deny that they contain many men who, having lived the best part of their lives amid the dangers and alarm of a land afflicted with chronic disorder, are gifted with conspicuous courage and resolution.

Evidences of carnage and destruction were to be met with everywhere. While the conduct of the rebels towards foreigners seems to have been beyond reproach, the accumulated evidence shows that their victory was sullied by a hideous massacre of Manchus. "I found the streets deserted," wrote one eye witness, "and corpses of Manchus lying in all directions fifty bodies being heaped together outside one gate alone. The rebel troops are still hunting for Manchus, of whom 800 are reported to have been killed. I saw rebel recruits going to the barracks for the purpose of procuring arms and uniforms." From these scenes the conclusion is inevitable that the deadly injunction on the Republican banner, "Extirpate the Manchus!" had been obeyed with fanatical fidelity. In other respects the conduct of the revolutionaries was exemplary. Foreigners were accorded ample protection, and there were even cases where natives in the streets begged European visitors to accompany them so as to ensure their freedom from attack. It was not surprising that amid

the general disorder the forces of lawlessness were let loose. Banditti lurked on all the highroads, and not a few of the refugees flying from the scene were murdered and robbed. But the revolutionary government soon made known its intention to punish crime with the utmost severity. An illustration of the methods they employed was described by the correspondent of the *North China Daily News* in an account of the scenes at Hanyang which fell to the rebels soon after the capture of Wuchang.

"I made my way," said the writer, "to the west gate. Outside it, hanging in a basket, on the wall, was the gruesome spectacle of a man's head, with the stripes of a policeman decorating the bottom of the basket. The Chinese characters on the stripes gave the information that the man was found looting and that this was his punishment. . . . The new prefect in Hanyang is named Li P'ing. He was associated with Kang Yu-wei and was imprisoned in Hanyang for his political offence more than ten years. A criminal named Ch'eo was confined with him in the same prison, with whom Li P'ing became friendly. When all the prisoners were released and Li P'ing was made prefect, he did not forget his former friend, and made him his secretary. On Sunday morning, a wealthy man living outside the south gate, handed thirty thousand taels to the secretary, to pass on to the Fu, to be used for revolutionary purposes. Of this amount, Ch'eo appropriated one-third to his own use, and passed twenty thousand taels only to the prefect. His crime was discovered on Sunday afternoon, and he was immediately decapitated, just two and a half days after his release from prison, and his head took the place of the policeman's in the basket outside the west gate. One of the strong tenets of the new party's creed is the stoppage of 'squeeze,' and, from all accounts, they intend to do it if they can hold their own."

The rebels had little difficulty in crossing the Han River and taking possession of the native city of Hankow, reputed to contain a population of 800,000 souls. The police force fled before them. Parties of bluejackets were landed from the foreign warships in the port, and these, together with volunteers, guarded the concessions, the whole force being

under the command of the Japanese admiral. The Chinese were panic-stricken, and steamers were chartered at enormous rates in order to convey refugees to Shanghai. While the highroads were unsafe, there was general agreement that the order maintained by the Republicans within the three captured cities—Wuchang, Hanyang, and Hankow—was exemplary.

Some attempt to estimate the strength of the opposing forces will be opportune at the present stage. According to Captain Otter-Barry, Acting Military Attaché at the British Legation, it was reported that one and a half battalions of the 42nd Regiment and two battalions of the 41st Regiment remained loyal at Wuchang. Were this statement correct, then General Chang Piao would have disposed of a force of roughly 2100 men. On October 16 the British Consul at Hankow reported that, "The loyal troops to the number of some 400, together with some soldiers recently arrived from Changsha, are entrenched at Kilometre Ten (a station on the Peking-Hankow Railway), where they are to some extent supported by Admiral Sah's gunboats. Loyal troops from Honan are said to have arrived in considerable numbers this afternoon." It would seem that, as a matter of fact, merely a remnant of the Wuchang garrison remained loyal. General Yin Chang, the Commander-in-Chief, and his army entrained at Peking on October 13, and he memorialised the Throne by telegraph that he had brought the army southward, reaching Sin Yang on the night of October 17. "The 22nd Brigade of Infantry," read the despatch, "under Commander Ma Chi-tsêng, arrived at the Hankow embankment on the 15th instant; and the rebels have attacked their position twice, but were repulsed on both occasions, with a loss of three rebels, some ponies and dresses. General Wang Chan-yuan, in command of the Third Mixed Sub-Division, all arrived to-day at Shêkao. Now, report the spies, the fugitive rebels are still occupying Wuhan (Wuchang, Hanyang, and Hankow), and there are no strong sects scattering about. Many deserters are fleeing from Wuchang city; so proclamations have been engraved and published, calling upon them to surrender their weapons and avoid punishment, with a view to effecting their dis-

persal. At present, I am staying at Sin Yang temporarily, to await the passing of the Fourth Mixed Division, after which I shall lead my force forward."

Thus on October 17, seven days after the outbreak of the revolution, the Commander-in-Chief, General Yin Chang, was still engaged mobilising his forces at Sin Yang in the province of Honan, some 130 miles to the north of Hankow. To the immediate south was a range of hills, the only accessible pass through which was traversed by the railway. Part of the army had been sent forward. An infantry brigade had actually arrived on the Hankow embankment, while a subdivision was encamped at a place within a day's march of the scene of operations. The exact strength of the Imperial forces that were available for the neighbourhood of Hankow is not known. But in all probability it was equal to that of the opposing army. The British Consul at Hankow reported on October 16 that the revolutionaries were recruiting fast, but that they only numbered 5000 trained soldiers. In Admiral Sah's fleet, which reached Hankow on the night of October 16, the Imperialists possessed a material advantage. Early on the morning of October 18 the rebels advanced from Hankow to a position between the golf club and the racecourse. Strangely enough, the Imperial troops offered no opposition to their advance, but towards afternoon the fire from the warships cruising in the river caused them to withdraw somewhat hastily, leaving behind one field gun. So soon as night fell they were largely reinforced; the next morning, setting fire to many huts in their path so as to dislodge the enemy, they again advanced. Little opposition was offered either by land or sea forces, and early in the afternoon the insurgents had occupied the station at Kilometre Ten. The Imperialists fled, abandoning a camp containing supplies, rifles, and ammunition, all of which fell into the hands of the enemy. The official account of the engagements betrayed a pathetic despondency on the part of the commanders. "At six o'clock in the evening of October 18," telegraphed the Acting-Viceroy Jui Chêng and Admiral Sah, "a second instalment of troops from Tientsin arrived at the river station. Before they had alighted between 2000 and 3000 revolutionaries attacked them.

General Chang Piao led the Hunan, Hupeh, and Honan troops, killing from 200 to 300 rebels, most of whom were without queues. The Imperial troops captured six big guns and numerous other weapons. Over twenty loyalists were killed. Simultaneously Admiral Sah Cheng-ping commanded the fleet to protect the river bank and to prevent reinforcements coming from Wuchang. It was unable to participate in the fighting, being much afraid of hitting the loyal troops. General Chang Piao bravely led the latter, and recaptured the station ; but he had so many men wounded and his force was so enfeebled thereby, that, being unable to obtain reinforcements, he could not retain the station. The fleet is without coal or rice, and we are now awaiting death. We can only appeal to the Throne to send General Yin Chang immediately with artillery."

The operations of the Chinese warships were hampered by the fear of damaging the foreign concessions facing the river front. Neither side would seem to have displayed any conspicuous valour; and if the accounts of eyewitnesses are to be believed there were times during the two days' skirmishing when the honours were so evenly divided that resolute action combined with strategical skill on the part of the one force would have led to the speedy annihilation of the other. The actual military situation certainly did not warrant the extreme despondency that found expression in the despatches of the Admiral and the Viceroy. Doubtless, however, they were largely influenced by the knowledge which they had acquired by this time that disaffection was rife in the fleet. The warships dropped down the river in the direction of Kiukiang and were anchored at different stations, the nearest being ten miles distant from Hankow. Meanwhile the Imperialist forces retreated to Seven Mile Creek, there to await reinforcements. Subsequently the Viceroy, Jui Chêng, who, together with his staff, had taken refuge on a Chinese cruiser anchored astern of a British gunboat, proceeded to Kiukiang. Here he evidently concluded that the moment had arrived when it was no longer prudent for him to remain on the scene, for he transferred himself to the *Loongwo*, one of Jardine Matheson's steamers bound for Shanghai, which port he reached in safety on October 27.

Two days later the following stern edict relating to his conduct was issued at Peking:—

"At the outset of the Hupeh rebellion, Jui Chêng, though holding the post of Viceroy, abandoned the city and fled, seeking safety on a man-of-war. We have cashiered the said Viceroy and ordered him to try to achieve some service against his offence. Yuan Shih-kai has been commanded to investigate the circumstances that led to his abandoning the city, before a disposal of the affair can be decided. Now, suddenly, Jui Chêng has memorialised us by telegraph that he went to Kiukiang owing to the exhaustion of coal on the man-of-war, and that he went to Shanghai owing to a mutiny by the troops in Kiukiang, &c. The said Viceroy did not even obey Our Decree ordering him to try to achieve some service against his offence, but had dared to escape secretly out of the province (Hupeh). He has outraged Our Kindness, in living a cowardly life without feeling any shame. He really deserves Our utmost wrath and hatred, further leniency being out of the question. Chang Jen-chun is hereby ordered instantly to depute officials to arrest and transport Jui Chêng to Peking, and to hand him to the Ministry of Justice to be strictly tried and severely punished. With regard to the Seal of the Hukuang Viceroy which he has carried about in his escape, Chang Jen-chun is to appoint an official to take it from him, and carry and deliver it to the camp of Yuan Shih-kai."

The rebels were now thoroughly in the ascendency at Hankow. To their credit let it be said that in the hour of their victory they conducted themselves with a decorum that was in itself not the least significant feature of the care with which the movement had been organised. The communications addressed by General Li Yuan-hung to the Consular body were couched in the correct language of diplomacy. The following despatch is illustrative of the admirable tone which characterised the correspondence of the Republican Government:—

"WUCHANG, *October* 20, 1911.

"SIR,—I have the honour to convey to you the expression of the deep sense of gratitude entertained towards you by the Military Government for the impartial attitude adopted by you during hostilities existing between the Military and

Manchu Governments, in recognising us as belligerents and in proclaiming your neutrality.

"I have already had the honour to request you to prevent your nationals of all ranks from selling to the enemy articles regarded as contraband of war, and I have no doubt that you will assent to this request.

"In the arrangements which have already taken place, my forces have invariably been successful, and the Manchu army has already beaten a retreat. It may therefore be expected that the foreign concessions will remain undamaged, a fact which, I think, cannot fail to relieve you of all anxiety. If, however, the rendering of assistance to the enemy by means of letters is not strictly forbidden, the Manchu army may take advantage of the circumstances to renew disturbances, which, under present conditions, would be a source of inconvenience both to you and my Government.

"I have the honour, therefore, to request that you will issue stringent instructions that no British steamers, men-of-war, or any of your nationals shall, in any circumstances, send or carry men or letters for the use of the enemy in accordance with the rules of international law, otherwise my forces will have no alternative but to seize such persons sent and confiscate any letters so carried, as a means of self-defence.

"I avail, &c."

(Seal of the Commander-in-Chief of the Army of Hupeh of the Republic of China.)

Save in cases regarded as absolutely indispensable for the security of life and property the Consular body held no parley with the rebels. On the whole, such unofficial relations as existed were excellent. When General Li Yuan-hung's attention was drawn to the prohibition in the settlement regulations against the entry of armed men into the concessions, he promptly issued proclamations on the subject to his troops; and when a man was shot on the Bund near the British concession, he sent to the Consul a formal expression of his regret. He waived his right to exercise a censorate at the Chinese post-office on receipt of an undertaking that the Imperial authorities would not be allowed to

exercise this supervision ; and also compiled a list of articles held to be contraband of war. Eventually his annoyance at the continued refusal of the Consular body to recognise him any way caused anxiety ; and on October 21 it was decided that the Senior Consul should acknowledge his last two despatches, and accompany the communication with his foreign visiting card. In reporting this incident, the British Consul remarked that " the revolutionary leader is establishing his position more firmly every day, and it is becoming increasingly difficult to ignore him." By this time the Hupeh Provincial Assembly had declared for the rebel cause, and a Provisional Republic, with General Li Yuan-hung as President, had been proclaimed.

# LXXVIII

## SPREAD OF THE REBELLION

THE defeat of the Imperial forces at Hankow gave the rebels time in which to strengthen their position. Guns were brought across the river from Wuchang, and the ground won in the fighting protected with defensive works. Meanwhile the Imperialists awaited reinforcements from the north. This momentary lull in the operations enables us to examine the remarkable progress of the revolutionary cause in other parts of China. The triumph of the Republican forces at Hankow, Hanyang, and Wuchang stimulated the spirit of rebellion in all parts of the country. Were any doubts previously entertained on the subject, it was now abundantly made manifest that from end to end the land was ready for revolt. Indeed, it may without exaggeration be said that the rout of the Imperial forces at Hankow was the signal for the rising of the Chinese nation as one man. Disaffection broke out extensively in the Lu-chun—the national army of foreign drilled troops which had been called into being to maintain tranquillity within the Empire, no less than to repel aggression from without. This circumstance sealed the doom of the tottering Throne; it was, in fact, the one thing necessary to secure the complete ascendency of the Republican cause. The realisation that no confidence could be reposed in the Lu-chun caused the panic already existing behind the walls of the Forbidden City to subside into despair. The Treasury was completely lacking in funds for the payment of the troops that remained loyal, and there was a lamentable shortage of ammunition. Clearly the demise of the dynasty and the birth of a new and enlightened China was nigh.

Events followed each other so swiftly as to bewilder the would-be chronicler. Even now, when nearly nine months

have elapsed and further information is at hand, the writer finds the task of constructing a consecutive narrative one of extreme difficulty, which it would be idle to pretend can be fulfilled with satisfaction. On October 21 Ichang passed peacefully into the hands of the rebels; two days later Kiukiang espoused their cause. Although in the early affray the Taotai's yamen at the latter place was partially destroyed, there is common agreement that in both towns the rebels fully upheld the reputation they had already acquired elsewhere for maintaining order and punishing crime. Within a few days Changsha, the capital of Hunan, surrendered. On October 16 many revolutionary leaders had reached the city, and immediately ominous signs of impending trouble were to be detected. The regular troops, whose sympathy with the revolutionaries was notorious, were deprived of ammunition. The rising was timed for the night of October 18. The soldiers were quartered in barracks outside the east gate, and when it was dark they set alight to some straw in their stables, hoping that the gates would be flung open to allow the fire brigade to pass out, in which event they would be able to gain access to the city. The ruse failed, for the authorities refused to allow the gates to be opened. The mutineers, however, took advantage of the confusion to secure 20,000 rounds of ammunition. Early on the morning of October 22, to the number of several thousands, they entered the city by various gates, and, taking machine guns with them, marched to the Governor's yamen. Several officials, including General Huan Chung-hao, the Commander of the Gendarmerie, who originally had deprived the troops of ammunition, were executed on the spot. Without a single shot being fired, the city fell into the hands of the rebels, and all the gendarmerie, as well as the body-guard of the Governor, espoused their cause. Here the rebels do not appear to have behaved with that restraint which was so conspicuous a feature of their regime elsewhere. Heavy tolls were levied upon prominent Manchus; dissensions split the Provisional Government into two camps; and before order was restored the Governor and Deputy-Governor had been both shot dead. The capture of Changsha was an important success for the revolutionaries, for it rallied

to their standard a considerable part of the Hunan army, and within a few days provided something like 20,000 recruits.

Meanwhile it was not to be expected that Canton, a city which had always been regarded as a hotbed of discontent, would long remain unaffected. In a previous chapter I have described the unsettled state of the southern metropolis earlier in the year, terminating as it did in the assassination, in April, of the Tartar-General, Fu Chi, and the subsequent rising, which was suppressed by the Viceroy. To fill the post rendered vacant by the death of Fu Chi, a Manchu official, Fung Shen, had been ordered to proceed to Canton. But he showed great reluctance to take up his new appointment, and, having received numerous letters threatening his life, repeatedly deferred his departure. Events proved that his misgivings were thoroughly justified. No sooner had he landed, early on the morning of October 25, and was proceeding in procession through the street, than a man stationed on the roof of a restaurant hurled a bomb at him. A wall of a private building by the roadside was shattered, and the sedan chair with its distinguished occupant was buried under the debris. When the body was recovered, it was found to be horribly dismembered, the head, an arm, and a leg being literally severed from the trunk. The escort began to fire at random among the crowd of spectators, and a number of innocent onlookers were either killed or wounded. Shortly afterwards "the Republic of Kwangtung" was proclaimed at Canton.

Throughout the Empire the outlook for the Imperial cause had become dark and threatening. The authorities at Shanghai frankly admitted that the city was at the mercy of the rebels. Disturbances broke out at Nanking; but as these developed into warfare of a serious nature they are reserved for separate treatment.

The most alarming development about this period was the spread of the rebellion northwards to the province of Shansi. The troops encamped at Taiyuan-fu, an important centre at the head of a branch line of the Peking-Hankow railway, who were being held in readiness to join the Imperial forces in the south, went quietly over to the revolutionaries. The Governor, who was a reactionary official of the old

school, and some twenty Manchus who offered a resistance were killed, but otherwise the occupation of the city was effected by the rebels without bloodshed. Their conduct on this, as on so many other occasions, was described by foreign eyewitnesses as highly exemplary, and what little looting actually took place was immediately and rigorously suppressed. Within a few days the entire province of Shansi had transferred its allegiance to the revolutionaries. The fall of Taiyuan-fu was a serious blow to the fortunes of the Imperial army, for it meant that communications with the southern army were instantly menaced. Moreover, the outbreak of the revolution so far north involved the retention of forces in this region that were badly needed in Chihli and in the south. The rebels followed up the advantage gained, and advanced to a point where the branch line pierced the Great Wall. The Imperial forces managed, however, to retain the junction, thus saving the communications.

At Lanchow, on the Peking-Mukden line, 100 miles to the north of Tientsin, 5000 troops, constituting the 40th Brigade of the 26th Division, refused to proceed to Hupeh unless the throne acceded to three memorials presented by the National Assembly demanding, first, that a Constitution be framed only after consultation with the Assembly; secondly, the exclusion from the Cabinet of members of the Imperial family and the immediate appointment of a capable and virtuous person to organise a responsible Cabinet; and, thirdly, an immediate amnesty to all political offenders—for example, Kang Yu-wei. A telegraphic memorial in this sense was despatched to Peking by the Divisional Commander, General Chang Shao-tseng. The revolt of troops in the Metropolitan Province itself was a staggering blow to the Court. An edict was promptly issued, declaring in the language of humble submission, that: "We appreciate the loyalty of the soldiers. The Ministry has already resigned. Let the Tzechengyuan (National Assembly) organise a code of Constitutional Laws and submit them to Us for consideration and promulgation." Rumours, which later were to prove only too well founded, spoke of disaffection among the troops in Chihli and Shantung. It was more than ever apparent that the whole of

the north, as well as the south, was seething with the spirit of rebellion. Where active support was not forthcoming the largely attended meetings of the people expressed their passive sympathy with the insurgents. For example, an assembly of 3000 soldiers, students, and merchants at Tsinanfu in Shantung demanded that the peace terms of the rebels should be accepted; that under no circumstances should soldiers be compelled to leave their own provinces; and that the provinces should retain the proceeds of their own taxes. At this period there was no doubt that the whole of China was in sympathy with the reform movement, though not necessarily with the revolutionary aims of the Republican party. In some quarters it was suspected that the demands of the Lanchow troops were inspired by the National Assembly, whose programme they desired to see fulfilled; in others it was hinted that Yuan Shih-kai, with the same object in view, had engaged in intrigue with General Chang Shao-tseng. Certain it was that all classes of the community, irrespective of creed or party, earnestly desired that advantage should be taken of the opportunity arising out of the general turmoil to secure the immediate granting of the Constitution.

With the revolt of the northern troops, part of the army trained by Yuan Shih-kai himself, the military position of the Imperialists became hopeless. However much success General Yin Chang might achieve in the Yangtze campaign, he was practically isolated, being deprived of the possibility of receiving dependable reinforcements; whereas though the rebels might suffer local reverses, they were so placed as to be able to recuperate, and their cause was certain of ultimate victory, because it was rapidly becoming the cause of every enlightened Chinese, soldier as well as civilian.

Such was the general situation when active hostilities were resumed on a serious scale at Hankow.

# LXXIX

## IMPERIALIST VICTORIES

AFTER the Hankow engagements of October 18 and 19, when the rebels were so successful as to drive the Imperialists from their advanced camp, neither side would seem to have been sufficiently strong to assume the offensive. As events were shortly to prove, however, the position of the loyal troops was strengthened with the lapse of time. Reinforcements were frequently reaching them by rail from the north. The insurgents were fully occupied in entrenching themselves and in organising their forces, which contained a not inconsiderable rabble of untrained coolies. The Han River afforded them an excellent highway for the transport of men to positions from which a turning movement could be executed, and the communications severed in the rear of the enemy. There is evidence that they did make some attempt in this direction, when General Yin Chang reached Hsiakan, a station on the Peking-Hankow Railway some forty miles to the north of the latter place; but it was anticipated by the Imperialists, who had stationed a strong detachment to the westward at Yin Cheng.

On the morning of October 24, there was some skirmishing, as a result of which the rebels were driven back to Kilometre Ten station. Hostilities were resumed in earnest on the morning of October 27, when the Imperial forces, estimated at 10,000 strong, advanced from the Seven Mile Creek against the rebels, who mustered from 6000 to 8000 men. Before nightfall the station had been recaptured, together with a number of guns and equipment abandoned by the Republican forces. Admiral Sah's fleet, which had been anchored at various places between Hankow and Kiukiang, reappeared on the scene. Next day the fighting was continued. All accounts agree that the rebels offered a gallant

resistance, facing the enemy's machine guns with a coolness that betrayed an almost fanatical heroism. The fleet engaged the rebels on the Wuchang side, but the hot fire which was returned induced them to withdraw. The battle raged in the area of open ground at the back of, and in close proximity to, the foreign concessions. Shells, shrapnel, and bullets whizzed through the streets, and several people were either killed or wounded. All roads leading into the settlements were barricaded, and the boundaries were guarded by bluejackets and volunteers. Thousands of rebels fled across the river to Wuchang. The hospitals in the concessions were filled to overflowing with the wounded, and to provide additional accommodation, the American Cathedral, the post-office, and other buildings were hastily converted into hospitals. Although the rebels kept up a deadly fire from the housetops, by the morning of October 29 the Imperialists had advanced to the outskirts of the native city.

The correspondent of Reuter's News Agency accompanying General Yin Chang's forces estimated that the rebel losses then amounted to about 500 killed and 1500 wounded, in addition to prisoners. An edict eulogising the conduct of the Commander-in-Chief declared that his forces "mowed down the insurgents up to the Hankow market," and added: "This time, the attack on Hankow has resulted in the killing of a thousand and several hundred rebels, and the capture of thirty-six mountain guns and a great number of other arms. During the time when firing from the big guns was formidable, and when no ordinary difficulty and danger had to be faced, the commanders and soldiers dashed forward and obeyed orders, striving to be the foremost, heedless of their own safety. Their loyalty and bravery are very commendable. The said Minister, having methodically directed his troops, is still more to be appreciated. The said Minister is commanded to continue in direction, and ordering the commanders and soldiers to make an effort at the sound of the first drumming, to recover Wuhan (Wuchang, Hanyang, and Hankow). He shall wait till after the arrival of Yuan Shih-kai and then return to Peking to his post."

The Imperialists were soon in possession of the whole of the railway as far as the Han River. Then followed perhaps

the most terrible event in the whole campaign—the burning of Hankow city. It is doubtful whether a detailed account of the horrors of the early days of November will ever be given to the world. From confused accounts of foreign eyewitnesses, who were naturally placed at some distance from the scene, we are able to draw a picture of the holocaust. A Chinese city, with its tortuous and narrow streets, its compound walls and compact buildings, affords an admirable situation for the exercise of guerilla tactics. The advancing Imperialists found it an impossible task to hunt out the insurgent riflemen, many of whom took up their positions on the low-lying roofs of houses and kept up a galling fire. From Wuchang and Hanyang the rebel gunners cannonaded the doomed city, while from the east the Krupp artillery of the Imperialists discharged high explosive shells in the same direction. Indeed, so great was the confusion within that the position of neither side was clearly defined. No doubt the shelling started a number of conflagrations, but there is overwhelming evidence that the Imperialists decided that the burning of Hankow was essential as a military measure. A strong wind materially assisted their design. For three days the city was burning. People terror-stricken fled in all directions that led away from the blazing pile. "All night through," wrote an eyewitness, "the city has been one red glare. The light has lighted up Wuchang so that houses could all be clearly seen. It is a terrible sight, but oh! the poor people! The well-to-do merchants and their wives and children, fleeing from the burning city and nowhere to flee to! They sit down in the road and just burst out crying. It is all too horrible for words. 'Where can we go?' they ask, and we have nowhere to suggest. They are all coming on to the concession, also a great swarm of bad characters. This burning of the city is the work of devils, not men. It is quite unnecessary for military operations. The people, at least thousands, had stayed believing it would be all right. That it should be thus burnt without notice, and all these thousands of non-combatants thus unnecessarily ruined, is too wicked for words."

Amid the carnage the forces of lawlessness were let loose.

Looting, murder, and outrage—in short, the most heinous excesses that demented minds could conceive—were freely resorted to. Prisoners of war were slaughtered in cold blood, and members of the Imperial Red Cross were actually seen killing the wounded. Dogs attacked the wounded men, many of whom were left lying where they fell for several days. Alarm was felt in the concession at the peril in which the inmates (50 being blind boys and 150 wounded) of the Wesleyan Mission Buildings—the David Hill Blind School and the hospitals attached—were placed. The Imperialist commander had given an order that this institution, which lay in the direct line of fire, should be spared; but, of course, he was unable to control the situation so soon as the city was in flames. A heroic little band of volunteers led by Dr. Booth, the head of the mission, embarked on board a Red Cross launch and steamed up the river Han, with the purpose of effecting a rescue. Exposed all the time to the enfilading fire, they penetrated to within a couple of hundred yards of their goal. The correspondent of the *North China Daily News*, who accompanied the expedition, described the scene in the following passage: "It was not till then that the dimensions of the fire were realised. Practically the whole of the city from Sungwangmiao to Washenmiao was a mass of flames. Here and there a house was standing apparently unburnt amid the charred ruins of its neighbours. Here was a man and there a cat seeking shelter in the water, or under a boat, or wherever there seemed to be temporary shelter. The Hanyang side of the river was swarming with rebel troops. They seemed to be everywhere, everywhere to have plenty of cover. As we drew near Washenmiao, where the hospital is situated, the rebels refused to let us proceed. At that point on their side of the river a maxim was blazing away for all it was worth. All the neighbourhood was enveloped in smoke, and it is doubtful, even if permitted to land, if we could have reached the buildings. Reluctantly and with a few shots whistling above and around us, the order was given to go home." Later, accompanied by a guard of Imperialists, a party succeeded in reaching the institution and rescuing the blind and wounded. The terror-stricken inmates had

spent the night on the lawn, and it is recorded that one of the blind boys in an account of their experiences said: "We could hear the whizzing of the shells, the rattle of the rifles, and the crackle of the flames, which approached until we could feel the heat on our cheeks. We knew we were helpless, and were quite resigned to our fate as we lay huddling together." Fortunately, only some 30,000 of the former population of 800,000 had remained in the city, the rest having fled before the conflagration began. Subsequent investigations revealed hundreds of burned corpses, some of women and children, among the ruins of the devastated city, nearly three-quarters of which had been reduced to ashes. It is recorded that in many cases the pitiful sight was to be witnessed of charred groups of bodies, showing that whole families had been trapped by the flames.

The rebel forces did not lose heart at their defeats. They were largely reinforced by troops from Kiangsi and Hunan, the number of men supplied by the latter province amounting to no less than 10,000. The Imperialists also were strengthened by the arrival of the fifth division from the north. Estimates varied widely as to the forces in the field. The rebels probably mustered between 30,000 and 40,000 men; and the Imperialists, who had to maintain long lines of communication, fully 10,000 less. The latter were, however, far better equipped, more especially in the matter of artillery, than were their enemy. The commanders on both sides had been changed. General Yin Chang reached Peking on November 2, where his services were urgently needed owing to the critical situation in the north, and had been succeeded by General Feng Kuo-chang. General Li Yuan-hung, the Republican leader, had made way for General Huang Hsin, a capable organiser and strict disciplinarian. It was believed at the time that Li Yuan-hung had been suspended because of the defeat he sustained at Hankow, but the circumstance that he still retained high administrative authority would seem to suggest that he had voluntarily transferred his activities to another sphere. For a time there was a lull in the fighting. Meanwhile an occasional artillery duel and desultory rifle firing rendered life in the concessions anything but agreeable. A number

of Imperialists occupied hulks on the river, from which they constantly "sniped" the enemy; and when the latter replied the Bund was rendered an unsafe promenade. Ultimately the hulks were sunk. The rebels now concentrated at Hanyang, and, crossing far up the river Han, repeatedly made a wide detour with the intention of taking the right wing of the Imperialists in the rear. About this time the revolutionary cause was considerably strengthened by the accession of Admiral Sah's squadron. That important event was announced in the following "official" despatch sent to the Republican headquarters, by this time established at Shanghai: "The Chinkiang military governor has succeeded in getting some of the 'dare-to-dies' on board the flagship to induce the squadron to surrender and to embrace the revolution movement. About three o'clock in the morning of the 13th, the total strength of thirteen craft, namely, the *Chinch'ing*, *Paoming*, *Lienchin*, *Tsukuan*, *Kiangynan*, *Kianghan*, *Kienwên*, *Tungchi*, *Feiyin*, *Tsutai*, *Tsuchien*, and the torpedo-boat *Chang* hoisted our flag, anchoring in Chinkiang waters and waiting for orders for service. The governor of the Chinkiang army led a guard of honour with a musical band to welcome them in person; all the naval forces have been paid double wages as an encouragement to the men. Their coal supply has been replenished, and preparations are being made for a united assault to be directed against Nanking, for the punishment of Chang Hsun and his rebellious troops." Admiral Sah remained loyal, and succeeded in making good his escape to Kiukiang, where he slept a night at the British Consulate, and left next morning in disguise for Shanghai, which port he reached in safety.

In spite of the fact that the fleet had never given any but lukewarm support to the Imperialists, its loss came as a terrible shock to them. Had the naval forces seriously supported the army, the Republicans would have found their position precarious; for the waters of the Yangtze afforded excellent facilities for such co-operation. It was not long before part of the rebel fleet was detached for employment in the neighbourhood of Hankow. A correspondent of the *North China Daily News* described the arrival of the warships

in the following passage: "Nothing much happened yesterday (November 20) until 5 P.M., when a fine-looking Chinese cruiser (said to be the *Hai Yung*) sailed calmly up to Wuchang unchallenged, except by two shots fired a good way down the river. The Bund became crowded at once by people wondering what was up. At the foremast was the red flag and behind, the white. She had reached the Ping Hu Mên, when it was seen that a torpedo-boat was following her. This smaller craft became the target for every gun in the Imperialist batteries at Kilometre Ten. The rebels answered from Chinshan, and for some twenty minutes we were treated to such a cannonade as we had not hitherto seen or heard. At one time it seemed as though the boat was done for. She seemed to be enveloped in steam, but kept bravely on, her smoke-stacks belching flame, until at last she dropped anchor with apparently no worse damage than a broken steam-pipe, at Carlowitz's factory landing-stage. To-day she is well above Wuchang. It was a plucky thing to do, but we are getting to regard pluck as part and parcel of the rebel make-up. Hardly had the torpedo-boat dropped anchor before she was passed by the cruiser going full speed downstream, evidently to talk to the wicked forts that had annoyed her little sister. Ten minutes more of terrific firing between the cruiser and the fort brought the day's performance to an end. She went in comparatively close, evidently quite prepared to receive the shot or two that did strike her, but evidently equally prepared to administer all the punishment she could meanwhile. She passed down to join the second cruiser at Yanglo. We expect to hear more of her and her kindred before long, and are wondering with what feelings the Imperialists view the approach of the first big guns that have yet been brought to bear on them. Gunboats in the hands of doubtful loyalists and hot-headed revolutionists appear to mean two quite different things." In subsequent engagements the cruisers dropped down the river and shelled the railway bridge and the Imperialist positions at Seven Mile Creek. After heavy fighting, which lasted several days, the loyal forces crossed the Han River, and on November 27 reoccupied Hanyang city, together with the arsenal and ironworks. It was admitted that a

stubborn resistance was offered by the rebels, who time after time succeeded in taking the offensive and landing several thousand men and guns from the river above Kilometre Ten. The losses on both sides were exceedingly heavy. All the hospitals were filled with wounded men, estimated to number several thousands, mostly insurgents. The Imperialists conveyed the wounded to hospital centres on the railway north of Hankow. Their conduct, as in the case of the burning of Hankow, at Hanyang was reprehensible in the extreme. The natives fled before them, and looting was freely indulged in. The testimony of eyewitnesses leaves no room for doubt as to the detestable character of the atrocities committed by an army completely out of hand and mad with blood-lust. One writer mentions that he was shown a bundle of queues. The story told him was that villagers had been shorn of their tails and then shot as rebels, and their women and girls marched off to camp. "There are other stories worse than this and as well substantiated," added the correspondent. One of the Red Cross party, Mr. C. M. Manners, who went all over the battlefield, said he saw evidences of almost incredible cruelty on the part of the Imperial soldiers: "We came up with a party of four or five of them," he continued, "wearing Red Cross badges but carrying arms instead of first aid kits. They told us they were Red Cross men and thoroughly understood their duties, which were to bring in any wounded Imperial soldiers and to kill the wounded rebels. There were plenty of indications that they had been carrying out that programme, and they were very indignant when we interfered and prevented their killing a wounded rebel. We met several parties of this kind. We were passing through one village when a woman called out to us that there was a wounded man there. We got off our bicycles and looked for the man, finding him under a bunch of straw in the road, where he had lain for several days without food or water, while hundreds of coolies passed along the road. We asked the people why they allowed a wounded man to remain inside their village for such a long time without giving him any attention. They told us that when the fighting first started four wounded rebels and one wounded Imperialist came into the village, and a woman

took them into her house and gave them food and a place to sleep. The following day a band of Imperial soldiers came in search of their wounded. They went to the house, removed the wounded Imperial, then put all the members of the family in the house with the wounded rebels, walled up the doors, and set fire to the place. The villagers took us to the house, and we saw the bodies, half-burned, in the ruins."

A correspondent who accompanied another Red Cross party also asserted that the Government troops were guilty of many acts of savagery. In a small temple they found the corpse of a rebel, who evidently had been wounded and then burned to death on a bed. Many young Chinese first had their queues cut, and then were shot. Wounded men, who had received first aid and were left in villages pending conveyance to the hospitals, were bayoneted by Imperial soldiers as soon as the Red Cross people left. The whole countryside had been utterly devastated.

This latest, though serious, reverse did not affect the spirit of the Republican rank and file to any great extent; nor did it materially diminish the prestige of the generals. Soon afterwards rumours were prevalent that the leaders of both sides were in communication, and whispers of impending peace negotiations passed round the camps.

The Imperialists lost no time in mounting guns on the hills at Hanyang. They then directed their fire against the Provincial Assembly Hall where General Li Yuan-hung had made his headquarters. The Republican leader had a narrow escape, and soon the building was in flames. It was feared that the enemy were bent upon burning Wuchang, but so soon as the rebel headquarters had been destroyed their cannonade ceased. The rebels, however, while holding the river frontage for a considerable distance, immediately moved their main force out of the city and took up strong positions on the hilly ground to the east. A generous estimate of their forces placed the total at 80,000. On the same day that these events occurred the British Minister at Peking telegraphed to the Consul at Hankow the terms which Yuan Shih-kai, who by this time had

returned to power, was prepared to offer the rebels for a truce; and through the intermedium of the Consul a suspension of hostilities for several days was agreed upon. Later an armistice was arranged to enable peace terms to be discussed.

# LXXX

## THE FALL OF SHANGHAI AND NANKING

THE Republicans were more than compensated for any reverses in the Hankow region by the swift progress which their cause was making in other parts of China. Not a single province remained unaffected. The whole of the vast territory stretching from the borders of Burmah to the Manchurian and Mongolian regions in the distant north were seething with revolt. Everywhere provisional Republican Governments were set up and the ancient Chinese calendar adopted.

The fall of Shanghai and Nanking, together with the occupation of the country lying between these important cities, exerted a tremendous influence in determining the final issue of the campaign. No greater contrast could be imagined than that which was exhibited in the peaceful taking of Shanghai and the scenes of hideous massacre that preceded the capture of Nanking.

Early in October it was realised that Shanghai had become ripe for revolution; in fact the Taotai made no secret of his inability to defend the city, and did not hesitate to communicate the exact truth concerning the position to the Consular Body. Situated as it was in close proximity to a large and flourishing European community, with which there had been much profitable intercourse of a commercial no less than an intellectual character, it was not a matter for wonder that the city should be ready to welcome the Republicans with open arms. On November 3, a despatch bearing the seal of the Military Government of the Chinese Republic was delivered to the British Consulate-General, announcing that Shanghai had been taken over and requesting co-operation in the maintenance of order in the settlements. The officers

at the Woosing forts, who were fully acquainted with the sentiments of their men, escaped over night and the forts changed allegiance without any notable incident occurring. The Chinese warships in the port also hoisted the revolutionary flag, and the Kiangan arsenal, with its valuable munitions, was captured after a little fighting, in the course of which a handful of defenders offered a gallant resistance but were overwhelmed by sheer force of numbers. In commenting upon this latter event at the time, a correspondent of *The North China Daily News* gave a graphic picture of the scene.

"Thenceforward," observed the writer, "the arsenal became a sort of picnicking ground for foreigners to witness the distribution of arms to recruits. It seemed a mockery to speak of revolution in the presence of so jovial and good-tempered a crowd. The scene was more like some public festival than a declaration of grim war. But the comedy of the situation is superficial and transient. The pathos is deep and lasting. Of the hundreds so proudly displaying the white badge who flocked to receive arms and ammunition, some were mere boys, others simple coolies; and there were many who gave convincing evidence that they had not the most elementary idea of how to use the weapons that had been entrusted to their hands. Of such must have been many of those who have been mown down by the Imperialist quick-firers at Hankow. Truly the burden of Manchu guilt and the responsibility of Manchu tyrannies are great when such sheep will offer themselves joyfully for the slaughter that must ensue on the first real encounter with disciplined troops."

We realise the depth of feeling which the movement inspired when we read the pathetic account of the attempt of the revolutionaries to accord a military funeral to one of their number killed in the engagement at the arsenal: a procession of citizen soldiery with arms reversed, marching in single file, banners with inscriptions extolling the dead man's bravery, volunteers wearing firemen's helmets, several military bands, soldiers carrying wreaths, the coffin mounted on a gun-carriage and then drawn by a single unkempt pony preceded by four coolies carrying a chair on which reposed

the deceased's blood-stained uniform and arms, followed by mourning relatives carried in chairs.

The same correspondent recorded that the attack on the arsenal was led by a man flourishing an antiquated sword with a handle three feet long and a blade of equal length. This cheering bravado was instantly shot down. Other desperate characters unexpert in the handling of explosives maimed themselves in the attempt to blow up the arsenal gates. The writer described some amusing incidents attending the "capture" of two torpedo boats anchored near the arsenal. Evidently matters had been carefully pre-arranged, for they surrendered to a couple of junks, and "a closer examination of the boats tended to show a complete absence of officers, and the groups on deck were motley, including coolies and one or two women and children." Promptly a Republican Administration was established in offices on the Chinese Bund, and it was only in keeping with the modern spirit of the movement that the head official should have been provided with a motor car. The city and its environs were well policed with soldiers; Manchu signs disappeared with almost magic suddenness, and everywhere the white flag notifying allegiance to the Republic was to be seen. Various proclamations and notices were issued giving assurances that foreign life and property would be protected, and lawlessness was suppressed with a firm hand. From this picture of law and order we turn to another scene which affords a tragic contrast.

In the vast theatre of the revolution there was no more carnage-stricken centre than Nanking, the famous city of six dynasties, enclosed within twenty-three miles of walls. The news of events at Hankow towards the end of October produced widespread consternation. Many thousands of people fled from the city, and the majority of highly-placed officials deserted their posts and sought refuge in other towns. The troops quartered in Nanking then consisted of 2000 Manchus under the notorious Tartar-General Tieh Liang, formerly Minister of War, and an implacable enemy of Yuan Shih-kai; about 4000 old style troops under General Chang Hsun, the Provincial Commander-in-Chief, described by the British Consul as "a warrior of the old school, who has risen to his

present position entirely through Palace influence, his wife being a favourite maid of honour of the late Empress Dowager"; and 5500 modern trained troops. These latter, whose loyalty was suspected, were deprived of ammunition, but were given a promise, however, that it would be shortly restored. When the day came for fulfilment of the undertaking, the Tartar-General disputed with the Viceroy, Chang Jen-chun, as to the wisdom of such a measure. Ultimately, a serious mutiny was averted on the undertaking that if the troops left the city, ammunition should be served out to them. Accordingly, on October 29, two regiments marched outside. Unmistakable signs that a rising was contemplated began to manifest themselves, and the fierce Tartar-General threatened that the instant an outbreak occurred he would turn his guns on the city. So soon as his intention became known, panic spread like wildfire, and terror-stricken people fled from the city in thousands. Meanwhile, counsels of peace had prevailed in Peking, and early in November an Imperial edict was telegraphed to the Viceroy forbidding him to oppose the Revolutionaries. The Tartar-General declined to accept this command as authentic, and together with his Manchu troops he entrenched himself in the Manchu city and mined all the approaches. Both he and the Viceroy, however, were entirely eclipsed by General Chang Hsun, who proclaimed martial law and proceeded to rule the city, without reference to any other official. He rejected a proposal for an armistice and declared bombastically that he had an army of 20,000, loyal to the last man, with which he intended, not only to hold Nanking, but to retake Chinkiang, Soochow, and Shanghai. His conduct did not even warrant the merit of loyalty to the Throne, for originally he offered surrender on receipt of a bribe of 800,000 taels, a sum which he increased to 1,400,000 taels when the fighting began, and reduced to 700,000 taels when the outlook was not so promising. In vain did the Viceroy endeavour to dissuade him from resistance. He still demanded 800,000 taels as the price of compliance, and refused half that sum offered by the Nanking gentry, who earnestly desired tranquillity. Had it not been for the circumstance that a feud existed between the old

and the modern troops, his designs would, in all probability, have been completely frustrated, for he was extremely unpopular with his men. In many respects his position was by no means an enviable one. A number of rebels belonging to the "determined-to-die league" composed of desperadoes who volunteered for perilous adventures, had succeeded in gaining entrance to the city with the object of assassinating the Imperial leaders. But Chang was a true barbarian, not to be intimidated by threats against his own life, and full of fanatical belief in the idea that the extermination of men meant the annihilation of their cause and his own rise to power and peace. Whichever side paid him most commanded his services, and in waging war he gave no quarter and asked for none.

The exodus of the terror-stricken inhabitants from Nanking continued. Altogether it was estimated that nearly 60,000 refugees fled from the city, and the route of the railway was covered for many miles with a weary rabble making in the direction of Shanghai. All the foreign women and children were sent away, and the consulates were guarded by blue-jackets from the foreign warships in the port. On November 7, a detachment of rebels succeeded in entering through the south gate. They promptly released the prisoners in the gaol, but in an attack upon the Viceroy's yamen were routed. Thereupon an order was issued that all the gates of the city were to be closed and no one was to be allowed to pass in or out. In the early hours of the morning of November 9, the advance-guard of the Revolutionary army made its way to within shouting distance of the Yu Hua Tai fort, situated half a mile outside the south gate, and called upon the defenders to join them. The sole answer was volley after volley, which mowed down about 200 of the rebels; and it was only after this disaster that the few survivors returned the Imperialists' fire.

It was at this time that there occurred a horrible massacre —a veritable carnival of blood—which has few parallels even in the sanguinary pages of Oriental history. The British Minister, in a despatch to the Foreign Office, quoted from the letter of an English railway engineer, who stated that on the night of November 8, the Imperial soldiers made

a house-to-house visitation, beheaded men on the slightest suspicion and hung the heads over the doors to the number of 400. The mint and other buildings were looted and vile outrages committed. In short, for three whole days, murder and rapine took possession of the city.

"Within the city," wrote the British Consul on November 10, "the last three days have been days of terror for the unfortunate population. By order of General Chang all persons caught robbing and suspected of being Revolutionaries have been summarily dealt with. It is estimated that since Wednesday over 500 people, most of them innocent, have been shot or executed. The absence of a queue or the possession of money, especially the latter, is regarded as positive proof that a man is a rebel. Forty heads were seen by one of my colleagues impaled round General Chang's yamen, and similar sights may be seen in numerous other places. Among the victims have been some 100 men belonging to the Viceroy's own bodyguard whose loyalty was doubtful. The Viceroy himself is still alive, but after the émeute of Wednesday, he abandoned his yamen and went with the Tartar-General to live in a fortified temple on the hill on the east of the city, whence, however, they returned to their yamens last night. Both they and the general are in terror of bombs. Every other civil official in the city has fled, and their example has been followed by as many of the inhabitants as have been able to pass through Yi Feng gate during the short and uncertain period each day for which it is opened. This morning, during the one hour traffic through was allowed, 10,000 people left the city, and another 10,000, forming a queue two miles long, were shut in." The dead bodies of the rebels killed in the fighting outside the south gate were set up in rows as ghastly reminders of the fate that awaited deserters.

On November 15, a proclamation was issued in the names of General Chang, Tieh Liang, and the Viceroy, setting forth that the rebels had been defeated in successive battles and their forces scattered. "It is hereby proclaimed," continued the document, "that for the preservation of the public peace, you merchants and people shall be given an opportunity to clear yourselves from the ignominious

crime of being the accomplices of the rebels. You have probably been fooled into the belief that you could protect yourselves by the purchase of a rebel flag, or a rebel badge, made with white cloth and stamped with a rebel seal. You must know that to keep rebel badges is a breach of the law of the most serious kind. In consideration of your having unwittingly fallen into the pit, and as a mark of our leniency, as well as to reassure the public and to regain their confidence, we allow you three days, counting from the issue of this proclamation, within which to destroy by fire all the white-cloth flags, badges, or any other stamped instruments; and if there be persons who still keep such things after three days, they shall be most severely punished upon discovery or upon receipt of information against them."

The reign of terror, however, continued. Executioners stalked the streets, and all Chinese without queues were beheaded on the spot. It is recorded that the mere possession of a white handkerchief was looked upon as sufficient evidence of guilt to merit capital punishment. Even Chinese women dressed in white mourning garb were judged to be adherents of the rebel cause and were instantly butchered. In the search for victims to satisfy their insatiable lust for blood, the demented soldiery seized upon the smallest pretence.

General Chang recruited large numbers of disreputable coolies, and the inhabitants stood in constant terror of hired assassins, who murdered and plundered under the cloak of the Imperial cause. Meanwhile, General Hsu Tung-chih, the Revolutionary commander, who had received a military training in Japan, assembled his army at Chinkiang. Large numbers of troops, together with heavy guns, were sent to the scene from Shanghai, Soochow, and even the up-river port of Kiukiang. The rebel fleet also assembled at Chinkiang. Few details are at hand concerning the operations that led to the capture of Nanking, but from those available we are able to form the conclusion that it was accomplished without much effort. Gradually all the outer works were captured and the Imperialists driven back upon the city. The attack began on November 30, and was directed against the northern and north-eastern side of the city, which was

bombarded both from the land and the river. By the following morning the insurgents had completely occupied Purple Mountain, an important strategical centre, commanding the walls for a considerable distance. Meanwhile, the Taiping gate was also captured, and the Revolutionary squadron exchanged shots with the forts on Lion Hill, situated, as it were, in the northern corner of the city. It was stated by no less an authority than Dr. Wu Ting-fang, that half the troops stationed at this point were sworn Revolutionaries, so that their fire was harmless.

Next day, December 2, the white flag was hoisted over the forts, and the city capitulated.

Probably the only detailed account so far published of the operations that led to the fall of Nanking appeared "From a correspondent" in the *North China Daily News*, and because of its historical interest I quote at length the following extracts:—

"This narrative begins just before the attack on Purple Mountain. It appears that the Revolutionary generals, while fully grasping that this position was the key to Nanking, could not make up their minds to attack it until after a discussion lasting from 12 midnight till 5 A.M., during which a flanking movement to aid the frontal attack was suggested to them by a foreigner. Even then they still hesitated, and the credit of persuading them to it appears to belong to General Ku (?). Once decided there was no more hesitation, and the frontal attack was delivered up the south-west slope, which is a comparatively easy and smooth ascent. It was, however, checked until the flanking movement began to take effect. This force was composed of 500 Chêkiang troops, and made its way by a series of gullies to a rough slope running to the top of the hill up its northern side. The flanking attack was at first delayed, chiefly by the nature of the ground, which was strewn with boulders; but also apparently by a certain reluctance on the part of the men to face the fire from the top. By the time the foot of the last slope had been reached, however, with a few casualties, the men seem to have got their blood up, and from that point to the top they went up in what an eyewitness describes as magnificent style over ground across which one

would normally carefully pick one's way. By that time nothing would stop them, and they went straight up without faltering or stopping for anything; and very shortly afterwards were in complete possession of the whole position, where they promptly mounted guns, and these were the guns that subsequently shelled Peichikao. I might here mention that the latter place is practically undamaged. Only two shells struck it at all. One went through a corner of the roof five yards off the compound wall, and chipped a corner of the wall of the second storey of the pagoda. It appears that General Chang Hsun himself took out 600 men to reinforce the position on Purple Mountain just before the attack was delivered by which it was captured, and he was up there and wished to hold the position at all costs. When his men were driven out, they had to force him to go down with them, and he was led away in tears and bitterly disappointed.

"I think sympathy with the Revolutionaries has caused people to ignore the evident qualities of Chang as a leader to a great extent, as will appear in what follows. He seems to be rapidly developing into a Chinese De Wet, and more will probably be heard of this man, who is said not to be able to read or write. It is said that he wished to advance to Chinkiang, and for days had scouts all over the country, as there was not a single staff officer in Nanking who had ever manœuvred over it. Whether this is true or not I cannot say. He is also said to be totally unable to understand the simplest map or diagram, and one concludes that he must have a natural eye for a country and a sort of instinct for a strong position. It is also apparently untrue that he escaped by the south gate. He is said to have left the city through the Hsiakwan gate with the Viceroy and the Tartar-General, and to have crossed the river from Hsiakwan to Pukou straight across. This would be right under the nose of Lion Hill, which had gone over by that time, and was probably the very last gate the Revolutionaries would have expected him to leave by—which may also be the reason that he chose it; or it may be that the story that the Revolutionaries wished to leave an avenue of escape open is the true one.

"Here we may leave him for the moment and return to the facts of the actual capitulation, a prominent part in which was taken by Dr. Macklin, who was accompanied by the Rev. —— Garritt and Mr. Hayes. Dr. Macklin's story is full of interest. It appears that the day before the capitulation an Imperialist, General Chu, or Chao, in command of 1000 men, had two of his fingers damaged by a piece of shell or a bullet, and that in the afternoon Dr. Macklin operated on him and fixed him up. He told Dr. Macklin that he and his men were anxious to surrender, but that they were afraid to, and that he was not going to leave his men in the lurch. Dr. Macklin told him that he was going to get some sleep, but that he (Mr. Chu) had better go round and get together a few leading men for a conference, which they could hold at his (Mr. Macklin's) house. This was apparently done, and the conference decided to surrender; whereupon Mr. Macklin volunteered to go out and talk to the Revolutionaries, and his offer was eagerly accepted. He, with a party, got down to the gate (presumably the one opposite Purple Mountain—probably the Taiping gate) about 4 A.M., and started to dig a way through (the gate had been filled up like the other). In the meantime Mr. Macklin went up into the wall with lanterns, which lanterns immediately drew shell fire, presumably from Purple Mountain. Macklin put his lamp out quickly; but some of the Chinese apparently didn't know how to put the lamps out, and Mr. Macklin hurried round and did it for them. The firing continued, so they moved down off the wall and waited a bit. Just as dawn began to break they went up on the wall again at another spot, and this time apparently succeeded in attracting attention not only from Revolutionaries but from quite another and undesirable quarter also.

"There was at this time still an Imperialist force (estimated at 750) defending the Tartar city, and directly some Revolutionaries advanced in response to the signals of Mr. Macklin's party this force opened fire both on the Revolutionaries, who retired, and on Mr. Macklin's people. Hearing the bullets whistling over their heads, they once more came down. Mr. Macklin then despatched Mr. Chu to persuade the force in the Tartar city to surrender, and with assurances that he would speak with them and persuade

the Revolutionaries not to commit any excesses in the way of massacres, and meanwhile devoted himself to getting a way through the gate, which was filled up with loose rubble. Finally, they succeeded in making a passage just big enough to get through and got to the gate, and opened that just enough to get out. They then got out, and started towards the Revolutionary lines; whereupon they once again became objects of attention from all sides.

"I did not gather from Mr. Macklin how this was finally stopped; but presume that Chu persuaded the force in the Tartar city that it would be better to surrender, and that the Revolutionaries found out their mistake and desisted. Anyhow, that is the story of how the two sides were brought into actual touch with each other, and it seems to me that Dr. Macklin deserves great credit for his persistent efforts to that end in the face of such difficulties and very considerable danger. He has still a considerable number of wounded in his hospital, which has done splendid work throughout, and is now turning his attention to the relief of distress. . . .

"With regard to the disorder in the Tartar city, immediately after the occupation, I am told that when the Revolutionaries first entered the city nothing could have been better than their behaviour; but that soon after they entered the Tartar city a mine exploded or was exploded, which killed and wounded forty men, whereupon there were some not unnatural reprisals. As to whether the mine explosion was an accident or not, opinion is divided, and it will probably never be known; but the Revolutionaries of course assumed that it was deliberate treachery, and before the men could be got in hand again they had to be allowed to work off their feelings to some extent in the Tartar city. There most certainly was some killing and more burning, but the use of the word 'massacre' is evidently quite uncalled for.

"The newly appointed Governor has now apparently taken a very firm grip of the situation, and in going through Nanking yesterday morning it was impossible to believe that it had been passing through such strenuous times.

"All reports of burning, damage, or pillage in connection with foreign houses and property (except possibly for some

petty thieving by servants and such like) may be quite safely absolutely contradicted."

The Revolutionaries were already astride the railway, although not, so it appeared from subsequent events, in any considerable force. General Chang succeeded in rallying together a force of between 2000 and 3000 men at Pukou. Commandeering all available locomotives and rolling stock, so as to prevent these falling into the hands of the enemy, he, together with his troops, proceeded northwards. Several attempts to cut off his retreat failed, and on one occasion a rebel detachment which sought to intercept his progress was annihilated. On December 5 he arrived at Suchau in Northern Kiangsu, and his army was reinforced by 2000 troops from the north. By this time the cold weather had set in, and having exhausted their supplies the troops arrived in a half-starved, half-frozen condition. The general immediately set to work to provide accommodation and food for his enfeebled forces. Finding the country in a state of utter lawlessness, he next proceeded to form a local government, and the methods he adopted to restore order recalled, in their barbarous severity, his despotic regime in Nanking. It is recorded that Chang Hsun and his staff took up their quarters in a train, the engine of which, the largest on the line, was headed northwards and remained under constant steam. How he had ever succeeded in escaping is a mystery. The rebels must have known that in the event of defeat he would make use of the railway, and their failure to cut off his retreat with a sufficiently strong force seems inexplicable. Thus ended Chang's bombastic prophecy that he would exterminate the insurgents, and it is only to be regretted that so fierce a barbarian was allowed to escape with his head.

The fall of Nanking was a death-thrust to the Manchu dynasty, and, as I have already remarked, more than compensated the insurgents for the heavy defeats they had sustained at Hankow and Hanyang. From the outset Chang was leading a forlorn hope; both ammunition and food supplies were in a precarious state, and he was, in fact, to all intents and purposes beleaguered. Although urgent orders had been given from Peking that work should be

hastened on the Tientsin-Pukou railway so as to enable reinforcements to be sent to him, the line was only just completed in time to facilitate his escape. Had he attempted a retreat across the river with the whole garrison, doubtless he would have been cut off and compelled to surrender. In that event Chang would certainly have met the fate he so richly merited.

In order to protect the foreign bondholders, the British Minister soon obtained the assurance of Yuan Shih-kai that the line would not be used for the transport of troops and munitions. No undertaking of a similar nature was given by the rebels, nor was it asked of them. Peace by this time was well within sight. The capture of Nanking went a long way towards influencing the negotiations then in progress. True, in sending instructions that no resistance should be offered to the rebels, the Government had long before recognised that the game was up; but had General Chang secured a victory of any importance, Yuan Shih-kai, whose attitude, in accordance with the traditions of Oriental diplomacy, was sensitive to every development in the situation, might have changed his mind. So soon as the rebels were strong enough to advance, the fate of the citadel was sealed and the last hope of the Imperial cause vanished. Nanking will go down to history as one of the most memorable events of the great campaign. It was the scene of the final struggle between the dark forces of barbarism and those of enlightened progress in the land. Chang was typical of his race—a race that has sustained its power throughout many centuries by the frequent massacre of innocents and the fearsome practice of torture and atrocity. No military glory attended his exit. So long as he could give countenance to murder, plunder, and outrage he remained truculent at the head of his men, hoping against hope that the rebels would offer him a bribe sufficiently large to win his allegiance and soothe his traitorous conscience.

No more remarkable personality stood out in the revolution than that of the Nanking commander. Reputed once to be a humble yamen "runner," he had risen to high position as a result of intrigue. Frequently his corrupt practices had got him into trouble, and on one occasion he

just escaped decapitation. That he was not without military skill was evidenced in the early operations outside Nanking and his clever escape northwards, while even his worst enemies could not deny him the possession of a forceful and fearless character. Nor, reactionary as were his methods generally, was he unmindful of the changing times, and he successfully protected foreigners from those outrages which were so lamentable a fact of the Boxer rising. Yet, for his ruthless treatment of the Chinese, history, no doubt, will assign to him a place of prominence in the grim gallery of great assassins—Chang, the butcher of Nanking.

In the north the attitude of the 20th Division at Lanchow, now reinforced to 9000 men, was still disquieting. It was within the power of these troops, should they have so minded, to march on Tientsin and Peking, cutting the railway behind them in order to prevent the despatch of a punitive force from Manchuria. From time to time there were false alarms that the division was actually moving. The uncertainty as to their plans, together with the tension existing between the Chinese and Manchu population in the capital, and "the complete and humiliating demoralisation of the Central Government," not unnaturally caused considerable uneasiness among the foreign colony. Consequently, the British Minister adopted the prudent measure of issuing a circular to British subjects directing them as to how they should act in the event of it being necessary to muster in the legation quarter. A later report from Tientsin, that the Viceroy contemplated forestalling any advance of the Lanchow troops by cutting the railway at a point beyond Fengtai, led to diplomatic representation, and at the same time the commanders of the foreign troops in Tientsin—British, French, and Japanese—agreed upon a scheme for jointly policing the section of the Imperial railways between that place and the capital, thus keeping open communication.

The general situation was not such as to inspire the Imperialists with hope. Every province, with the exception of Chihli and Honan—the birthplace of Yuan Shih-kai—avowed the rebel cause, and eventually the disturbance spread to distant Tibet. Even the territories that nominally remained loyal were seething with the spirit of rebellion.

Shantung subsequently reverted to the Dynasty; but the ports of the province, Chefoo and Wei-hai-wei, never wavered in adherence to the Republican party. As a matter of fact, by November 23 all the ports of the Empire, with the exception of Tientsin and the Manchurian ports, were in the hands of the insurgents; and it is no exaggeration to say that on the fall of Nanking all the principal inland cities were either occupied by them or were at their mercy. Rarely a day passed without news coming of the capture of some place. In certain instances there was a repetition on a smaller scale of the lamentable scenes that were witnessed at Nanking. For example, at Foochow the Manchus offered a resistance, and before that city was taken fifty men had lost their lives and one hundred and nine were wounded. For a time anarchy reigned supreme. Pillage and incendiarism were extensively resorted to. A number of inhabitants, driven to distraction, soaked their garments in kerosene and burned themselves to death. The aged Viceroy committed suicide. In the majority of cases, however, the ground had been so well prepared as to lead to peaceful surrenders. Whenever possible the Republicans adopted the sensible practice of appointing to office existing officials who were willing to serve their cause. In this way the past misdeeds were forgiven, and almost as soon forgotten. Indeed, the one striking feature of the revolution was the remarkable manner in which varying factions promptly recognised the inevitable and accepted the new conditions. In many instances even the lawless elements in the land seized upon the opportunity to creep back into public favour. The city of Canton was actually policed by 30,000 outlaws under one Lu Lan-ch'-ing, a celebrated brigand chief.

Then there was another side to the picture. At Tung Kuan, on the northern borders of Honan, a strong body of banditti masquerading as Revolutionaries induced the custodians of the city to open the gates. Immediately they marched inside and murdered and pillaged for several days. Then the Imperial troops arrived in force, and they were no less fierce than the robbers in their methods of restoring order. Massacre succeeded massacre, and it was estimated

that several thousand people lost their lives. Eventually genuine Revolutionaries appeared, and tranquillity was restored. Amid the darkness of the great drama staged from end to end of the land a spark of humour appeared by the arrival of a Koepenick at Nanling in Anhui. A "Lieutenant-General Fang," with an armed rabble, demanded the surrender of the officials in the name of the Republican party. He looked a suspicious character, and, not being able to present credentials, the magistrate prepared to attack him. It was said that the impostor was exposed on the discovery that a "bomb" he carried was composed of painted lime. So persuasive, however, was his eloquence in detailing an elaborate scheme for the declaration of independence of Southern Anhui that the Self-Governing Society, believing him to be genuine, espoused his cause, and revolutionary flags were hoisted in all parts of the city. Funds were needed wherewith to buy food for the troops, and to Fang's delight they were promptly forthcoming. Then a big campaign in the province was contemplated, and reluctantly the "leader" found it necessary to depart from his original plan of not commandeering all arms and seizing the treasury funds. The worldly-wise magistrate of mature age, however, was not to be easily victimised; and with the few men who composed his body-guard was preparing to attack the bandits, when a detachment of Revolutionaries arrived and saved the situation. "Lieutenant-General Fang," of course, vanished; but he was subsequently arrested, and paid dearly for his adventure by the sacrifice of his head.

No more telling evidence of the earnest patriotism characterising the movement could possibly be forthcoming than that which was provided by developments in Manchuria. Soon after the Wuchang outbreak well-grounded rumours were abroad that Russia and Japan would conveniently make use of any serious manifestation of disorder in this region to seize territory. So ripe was the whole Empire for revolution that any attempt to isolate a part seemed destined to failure. Republican emissaries entered Manchuria in large numbers, and at one time the 2nd Mixed Brigade, quartered at Mukden, wavered. But so soon as the Viceroy, Chao Erh-sen, and the revolutionary leaders realised the immi-

nent peril of foreign aggression, they discussed the position frankly together, and the result was the formation of Peace Preservation Societies at Mukden and other centres. Thus Japan and Russia were deprived of the opportunity for which they were so eagerly waiting.

Realising that were the Powers to be given a pretext, then they might bring about the long prophesied break-up of the country, thus precipitating a calamity far worse than any that might be involved in the triumph of either side, Republicans and Imperialists alike were careful to protect foreign life and property. Nevertheless, it was not surprising that in so violent and far-reaching an upheaval the forces of lawlessness could not be entirey controlled. Consequently there were several regrettable incidents, notably an attack by banditti upon Swedish missionaries near Honan-fu, in the course of which Mr. and Mrs. Blöm, the latter an Englishwoman by birth, were seriously wounded; and the killing and wounding of a number of missionaries at Sianfu, the capital of Shensi, where also a massacre of Manchus took place, and widespread destruction was wrought.

Few men, possessing knowledge of the Chinese, believed on the outbreak that the struggle could be confined to a straight issue between the Dynasty and the people without bitter anti-foreign feeling manifesting itself; and when the hideous outrages that occurred during the Boxer rising only some twelve years ago are recalled, we cannot but marvel that the great Revolution was accomplished with comparatively so little cost to the brave European communities isolated in China.

# LXXXI

## THE WEAKENING OF THE COURT

IN the preceding chapters the writer has attempted to give a brief description of the chief episodes of the revolutionary campaign down to the period when an armistice was arranged. In regard to the operations in the field, it may be said that neither side exhibited conspicuous military genius. We have seen that in the Hankow region the rebel forces did not contain a sufficient proportion of trained men to stiffen, as it were, their capacity for resistance against the Imperial army, composed wholly of professional soldiers well equipped with modern guns. What made the insurrectionary movement irresistible, however, was the courage which inspired its adherents, and which, in spite of defects in the quality of fighting material and also in military leadership, of itself created an organisation superior to any plan on paper. Thus it is related that in the fighting which preceded the retaking of Hankow humble coolies in serried ranks were not deterred by the withering fire of maxim guns from rushing forward in a desperate effort to get to close quarters; while some of them were so ignorant of the rudimentary principles of a soldier's work, that in firing their rifles they poised the butts upon their hips. The conclusion is inevitable that had the movement been restricted to a campaign in the Yangtze the Imperialist cause must have triumphed. But the mutinies and disturbances in the northern provinces were of so serious a nature as virtually to isolate the loyalist forces in the south. Thus the reconquest of Hankow and Hanyang was rendered of no serious account; while, as reinforcements could not reach General Chang Hsun, the struggle in the Nanking region was destined from the first to end in triumph for the rebels. These considerations merely bring us back once again to

the realisation of the fact that as the whole of China was in rebellion, the capital itself being menaced, no isolated victories in any part of the vast theatre of war could stay the tottering dynasty ; that, in brief, the problem which faced the Imperial authorities was not alone to stem the rising tide in the Yangtze—a task sufficiently formidable in itself—but to subdue the whole of China, together with its distant dependencies. The sequel proved in striking fashion that no monarchy, no matter how sacred or ancient its traditions may be, no matter how autocratic its power, can survive save with the authority of willing subjects.

In describing the military aspects of the movement, I have afforded glimpses of the situation as it developed in Peking. Such glimpses were necessary to sustain what aimed at being a connected narrative. But at this stage it becomes essential to a comprehensive reconstruction of the revolution that the policy pursued by the Central Administration be outlined in some detail. There is abundant evidence to show that from the very outset the Throne and its advisers fully realised the seriousness of the Republican movement. This realisation was not necessarily a tribute to their wisdom, for, although the Wuchang outbreak was dramatically sudden, it was preceded by unmistakable signs of discontent throughout all parts of the Empire, notably in the great Province of Szechuan. There was a moment when the Government deluded itself with the belief that an incipient revolution had been nipped in the bud. So soon as the Viceroy of Hukuang reported the discovery of a revolutionary headquarters at Hankow and the arrest of many prominent Republicans in the city, an edict recorded that he had acted with great promptitude, and added that "the civil and military officials had shown bravery worthy of praise." At this period the writing of the Vermilion Pencil was distinguished for its firmness. All rebels were to be arrested, brought to summary trial, and if found guilty, as assuredly would be the case, were to be handed over to the executioner. At the same time a certain note of caution could be traced in the documentary manifestations of the Imperial will. For example, it was decreed that the more deserving officers who had rendered valuable services in discovering the republican

plot were to be recommended for reward; but the significant provision appeared that "no recommendations on a lavish scale can be allowed." When, following quickly upon the discovery of the Hankow plot, the troops at Wuchang mutinied and the Viceroy took refuge on a warship, the attitude of the monarchy underwent an instant change. Jui Chêng was cashiered and threatened with severe punishment, pardon and rehabilitation, however, being made dependent upon his return to the field and the achievement of victory. But, as already described in an earlier chapter, the ex-Viceroy deemed his presence no longer prudent, and fled precipitately from the scene. The Wuchang mutiny immediately brought home to the Government the realisation that the long expected Revolution had begun in earnest. It may perhaps be argued that if such realisation had come earlier, then the Revolution itself might have been averted. But we must not blind ourselves to the fact that the movement was engineered by men of republican ideas, and that their propaganda on these lines found ready acceptance among the people, who detested Manchu rule for the simple reason that it spelt tyranny, corruption, and maladministration. From the moment, then, that the Revolutionaries assumed the shape of an armed force of serious dimensions, the position of the monarchy became one of grave peril, more especially when we reflect that the sympathy of the whole of China was almost entirely with the militant Republicans in the field. That the Central Government realised that the fall of the three cities—Wuchang, Hanyang, and Hankow—was merely the first results of the well-organised military campaign, destined to spread far and wide; and that, what is still more important, such a campaign was the logical development of long-standing unrest in other parts of the country, appeared evident from the nature of the edicts that were issued about this time. Thus, on October 21, the following passage prefaced an Imperial proclamation: "(1) During these two months disturbances have successively occurred in Szechuan and Hupeh, both owing to secret intriguing by the rebels with designs against the established government to the detriment and havoc of public peace."

It is of importance to observe that here we have an Impe-

rial recognition of the theory, so often advanced in these pages, that Szechuan was the cradle of the Revolution. For the rest, the edict alluded to marked the first step in that course of craven submission which the Throne pursued in dealing with the crisis. The following passage betrays at once the impotence of the Central Government; for no one acquainted with the methods of the old regime in China could pretend that, had the means been available, a policy of rigorous and relentless repression would not have found favour:—

"The Throne is ever imbued with broad-minded principles in its policy, and all the subjects of the Empire are viewed with equal benevolence, and without Our having once indulged in persecuting them to an extraordinary extent. This time the rebels, plotting and insisting without cause, have occupied cities, resisted lawful authority, and trampled upon places, with the result that innocent people have been subject to sudden carnage. The ringleaders of the rebellion are really the greatest sinners of the most cruel type, and are, of course, unpardonable in law. Nevertheless, in consideration of those soldiers and people who have been obliged to join the rebels by coercion, and who have, therefore, some extenuating circumstances in their favour, it is impossible not to open one side of Our net. All persons who have been pressed bodily into service by the rebels, but who will save themselves by returning at once, shall be permitted to turn a new leaf without being questioned as to their past behaviour, be they soldiers or people.

"Whoever shall serve Us by killing rebels or by capturing and binding members of the rebellion party shall be rewarded regardless of rules, upon bringing them before Us. Should any roll-call book of the rebels be discovered, let it be instantly burnt, and not the least inquiry be made that may cause distress."

No sooner did the Throne realise that a revolution, frankly anti-dynastic in its aims, had developed serious proportions than it was seized with dismay. The amiable though hopelessly incompetent Regent, still the victim of feminine influence and surrounded by a coterie of ministers ill-equipped either mentally or morally for the task in hand,

stood as it were helpless while the foundations of the State of which he was the figurehead shook beneath him. Many shrewd observers of the situation in China had long predicted that the absence of a strong personality in the Government would bring the country to the verge of ruin, and that when the crisis came, unless Yuan Shih-kai were recalled from banishment and reinstated in power, not only would the dynasty fall, but China would disappear from the ranks of nations. It is idle at this juncture to speculate as to what might have happened had the Regent not originally dispensed with the services of the great statesman ; but, in the light of subsequent events, it is not inopportune to observe that hatred of the Manchu rule had become so widespread and deep-seated that it was beyond human ability to avert its overthrow. Yuan Shih-kai would certainly have made timely and liberal concessions to the growing forces of democracy ; but it cannot be forgotten that all his inclinations favoured the retention of a limited monarchy, and that he only gave sanction to the setting up of a republic when he realised that the Chinese nation would tolerate no other form of government, and that any statesman who advocated a contrary course would be regarded by the vast majority of his fellow-countrymen as the enemy of the people. Then the band of reformers who had studied in the West, and who had frankly accepted republican tenets as their political creed, was a factor to be reckoned with, and doubtless the pro-monarchical policy of Yuan Shih-kai would have come violently into conflict with the cherished aims of this forward party. In short, without contemplating any alternative form of government, the Chinese people detested the Manchus and were determined to be rid of them. The reform leaders supplied the deficiency, the alternative form of government ; and, as a result of extensive propaganda, from which the methods of the demagogue were not altogether excluded, they found it not difficult to convince the masses that their scheme was an attractive one. As in the case of all similar movements in history republican teachings appealed peculiarly to the vanity of the individual already suffering from the strain of constant oppression, and ready to strike in favour of the popular notion of freedom. Thus the old cry of

"Liberty, Equality, and Fraternity" was raised, and the coolie as well as the mandarin came under the designation of citizen. As I have already remarked, it is idle to speculate at length as to the course which events might have taken had the Regent retained Yuan Shih-kai at the helm of State. Nevertheless, it must be confessed that the subject is a fascinating one. Future historians will doubtless have abundant material at their disposal upon which to base reliable conclusions; but lest I am tempted to digress unduly, I will dismiss the problem with the hazard that they will give it as their unanimous verdict that nothing could have saved the dynasty, and that at the best Yuan Shih-kai might have delayed disaster and ultimately found a remedy in the substitution of a Chinese for a Manchu monarch.

It was to Yuan Shih-kai, the man whom he had ignominiously dismissed from one of the highest offices in the State, that the Regent turned in the hour of crisis. In other words, Yuan Shih-kai had become indispensable to China. As early as October 14 an edict announced that he had been appointed Viceroy of Hukuan, with power to crush the rebellion. Intimation of his rehabilitation was conveyed to him at the place in his native province of Honan whither he had retired so soon as he was disgraced. For nearly three years he had been an exile in his own land, and although through the medium of trusty agents he had kept in close touch with political developments, he had made no attempt to regain power. Nor, when the Regent humbled himself to such an extent as to seek the services of one whom, but a short time previously, he had banished as an enemy of the State, did Yuan Shih-kai exhibit any eagerness to retrieve the fortunes of the Manchus. There is no doubt that he was animated by two motives in delaying his acceptance of office. In the first place, he aimed at securing powers sufficiently extensive to constitute him Dictator of the Realm; and, in the second place, he was anxious to gain time in which to ascertain the strength of the revolutionary movement, and thus be able to formulate a definite policy before taking office. The methods he employed to achieve his ends revealed a pretty piece of diplomatic work. It will be recalled that the Regent, acting in accordance with the

traditions of politeness that govern such matters in China, had originally dismissed Yuan Shih-kai on the pretext that his ill-health, occasioned by a sore foot, no longer fitted him for the service of the State. This sore foot seems to have been altogether a remarkably obstinate case, for some three years later we find Yuan Shih-kai pleading that the state of this self-same limb, which had been advanced as the cause of his retirement, was now the cause which prevented him from reassuming office. One of the replies of the newly appointed Viceroy merits quotation in full:—

"I am much ashamed at being the recipient of the Imperial commands, and, in view of the favour shown for generations, I feel remorse that I have done nothing to requite it. After the accession of your Imperial Majesty to the Throne, I again received very great favours, in which affection and honours were equally predominant. In the interval I have not been serving the Throne, owing to my being away at my native place on account of the state of my health. On receipt of the Imperial commands I was filled with the deepest gratitude. At this time of crisis in the Empire I ought to comply with the Imperial decree and proceed immediately to deal with the situation. But my old trouble with my foot is not yet thoroughly set right, and last winter my left arm became affected, and frequently caused me great pain. An habitual complaint of some years can hardly be expected to be cured immediately. Although my breathing and my body showed weakness, yet my energy remained unimpaired. Recently, however, it suddenly becoming cold in the beginning of autumn, asthma and fever, which I used to suffer from, again attacked me. In addition to this I suffer from giddiness and nervousness, and when reflecting on a matter my mind wanders. Although these symptoms cannot be cured in a day, they are merely external complaints which are much easier to cure than my old illness. At this time of crisis in military affairs I do not venture to make a hasty application for leave. But my loss of energy makes it really difficult for me to struggle along. I have called in a doctor to effect a cure as quickly as possible, and at the same time I am making all necessary arrangements. As soon as I am somewhat able to struggle along, I will at

once proceed on the way, thus taking the opportunity to requite in an infinitesimal degree the great kindness shown to me. This memorial containing my gratitude for the Imperial favour and reporting in detail the bad state of my health is hereby presented for the Imperial glance and commands."

In reply to this ingenuously worded document, the Regent, on October 18, issued the following curt rescript:—

"The above has been noted. Matters at Wuchang and Hankow are very critical, and the said Viceroy in the past has always been a just and loyal officer, and zealous in performing service. Let him immediately cure himself, and in spite of his illness let him proceed, thus requiting the extraordinary confidence placed in him by the Throne."

Ultimately the Throne conceded to Yuan Shih-kai powers which virtually constituted him Military Dictator. On October 27 he was appointed High Imperial Commissioner, all the naval and military forces at the front were placed under his command, and the Military Council and the Minister of War were not permitted to interfere with any measures which he might decide upon for the restoration of law and order. It should be explained here that in spite of the honours showered upon him, Yuan Shih-kai did not take up his duties in the disturbed area, for the Peking Ministry resigned, and he was appointed Premier, still retaining control over the military forces. Thus, in the strictest sense of the term, he became an absolute Dictator. Some time elapsed before he proceeded to the capital. Meanwhile the Regent and his advisers were powerless to stem the forces of transition. At this period it could not truthfully be said that the metropolitan province was in a state of revolution; but nevertheless its sympathies frankly leaned towards reform that would accomplish the speedy establishment of a constitutional government without destroying the dynasty. In other words, the leaders of the progressive movement in Chihli formed the moderate party which stood midway between the Republicans and the Manchu reactionaries. They were not slow, however, to take advantage of the embarrassment in which the Government found itself in order to compel acceptance of their demands. The National

Assembly met on October 22, and, in spite of an Imperial edict promising that the summoning of a Parliament would shortly take place, submitted a memorial to the Throne in which they asked—(1) that a Constitution should be framed only after consultation with the Assembly; (2) that a responsible Cabinet should be immediately formed, from which members of the Imperial family should be excluded; and (3) that an immediate amnesty should be given to all political offenders, including those who had been proscribed in 1898. In the narrative of the military campaign I have already alluded to the part which the Lanchow troops played in bringing about compliance with these demands. It is sufficient here to repeat that, stationed as they were in a strong strategical position on the North China Railway, and commanded by General Chang Shao-tseng, a leader of forceful character, they held the key to the situation. At one time there were rumours that they were about to move on Tientsin and Peking. As a consequence panic reigned in the capital. Feeling between Manchu and Chinese residents was strained almost to the breaking point. A large number of Manchus, fearing a massacre, fled from the city; and of those who remained many sought refuge in the Legation quarter, whither also valuables and specie in considerable quantities were deposited. The mutiny of the Lanchow troops, whose leader was suspected of being in secret communication with the National Assembly, came as the determining factor in shaping the policy of surrender upon which the Throne immediately embarked. At the same time the theory has been advanced, and not without reason, that the Regent, realising the hopelessness of the general situation, sought, by means of concessions to the National Assembly, to make use of that institution as an instrument for retaining some semblance of monarchical power. In any event, it is difficult to account for the humble submission which characterised his actions save on the ground that he was stricken with panic. His policy in pre-revolution days certainly did not entitle him to the benefit of the doubt — the doubt that, apart altogether from the existence of *force majeure*, he was sincerely desirous of granting full constitutional liberty to the people. Whatever motives may be attributed

to him, it cannot be said that the haste with which he yielded to popular clamour betrayed statesmanlike qualities. That he had no other alternative was alone due to circumstances of his own creation. On October 30 a series of edicts appeared, in which all of the demands of the National Assembly were conceded. The first of these edicts was of a penitential nature, couched in terms of abject submission. When we reflect that it was issued in the name of the infant monarch, we may appreciate the quaint pathos of the dynastic abasement. All the edicts appearing about this time are invested with historic importance, and for that reason the writer quotes them in full:—

PENITENTIAL EDICT.

It is now three years since with much trepidation and misgiving we took up the arduous task of government, and it has ever been our object to promote the best interests of all classes of our subjects. But we have employed incompetent Ministers and have in our conduct of affairs of State displayed all too little statesmanship. We have filled the executive departments with Princes of the Blood, thus offending the canons of constitutional government; in railway matters we have allowed ourselves to be blinded and have acted contrary to the wishes of the country; when we hurried on measures of reform, the officials and gentry used them for their own ends; when we changed old institutions the powerful turned the occasion to their own profit. Much of the people's wealth has already been taken, and not a single measure beneficial to the people given in return. Edicts dealing with the reform of the judiciary have been issued time and again, but not a person has obeyed them. By degrees it has come to this, that when the people were seething with discontent we knew it not; when danger was imminent we were kept in ignorance. As a result, a rising broke out in Szechuan, closely followed by one in Hupeh; while now Shensi and Honan are disturbed, and grave news comes from Kwangtung and Kiangsi. In short, the whole Empire is in a ferment and men's minds on fire, the spirits of past Emperors are disturbed, and the people

all reduced to utter misery. The fault lies solely with us, and we hereby declare to all the world that we swear an oath with our subjects to bring about a general reform for the establishment of a full constitution. On all the good and bad points in the laws, on all the changes to be made, we will consult public opinion, and all in the old system that is inconsistent with the constitution shall be abolished.

As regards putting an end to the distinction between Manchus and Chinese, the several edicts issued by the late Emperor must be put into immediate execution. The rising in Hupeh and Honan, though troops are involved, is due actually to the mismanagement of Jui Chêng and others, who forced the people into rebellion and the troops to mutiny, and is no meaningless revolt. We take on ourself the blame for having appointed Jui Chêng to this post, and we hold the troops and people blameless; so let them but return to their allegiance, and past offences shall be forgiven.

We are but a weak body to be set above all you Ministers and people, and the result is the outbreak of such a revolt as will destroy all the good performed by our ancestors. We are grieved at our failure and filled with remorse, and we rely entirely on the support of our people and troops to restore prosperity to the millions of our subjects and to strengthen the foundations of our Throne. That peace may succeed disorder and peril yield to safety depends entirely on the loyalty of our people, on whom we rely implicitly. At the present time the financial and foreign situations are both desperate, and even if prince and people work in harmony the condition of the country may still be critical. But if the people disregard the national safety and allow themselves to be led away by counsels of revolt, some overwhelming calamity will befall them, and then will China's future be dark indeed. Therefore is our mind filled with anxiety and apprehension day and night. We earnestly hope that all our people will understand our meaning.

Let this be known to all.

EDICT: EXCLUSION OF IMPERIAL FAMILY FROM CABINET.

The Senate has presented a memorial to the effect that the Cabinet should be actually a responsible body, and that members of the Imperial Family should not be appointed Ministers of State. The appointment of members of the Imperial Family to discharge administrative functions is at variance with the practice of constitutional countries. By the established laws of our dynasty Princes of the Blood are not allowed to interfere with affairs of State, a principle which is expressly laid down in the rescripts of our ancestors, and which fulfils all the requirements of a constitutional State.

From the time of Tung Chih the country has been whelmed in a sea of trouble, and it was then first that a Prince Regent was appointed to share the burden of Government, a practice which has been continued down to the present day. With the formation of a Cabinet this year princes and other nobles were appointed Ministers of State; but this has only been a temporary expedient, and is not the avowed policy of the Throne. The Senate's memorial states that a Cabinet composed of members of the Imperial clan is absolutely irreconcilable with a constitutional regime, and requests that the provisional regulations of the Cabinet be annulled, that a Cabinet with proper powers be formed, and that Princes of the Blood be not appointed Ministers of State. This has for its object the showing of due respect to the Imperial House and the consolidation of the foundations of the State, and as such we fully agree with its terms. As soon as matters have become somewhat quieter, we will select able and deserving men to form a responsible Cabinet. Princes of the Blood shall not again be appointed Ministers of State, and the provisional regulations of the Cabinet shall be abolished, so as to conform with constitutional principles and strengthen the State.

### EDICT: DRAFT CONSTITUTION TO BE HASTENED AND SUBMITTED TO SENATE.

The Senate has presented a memorial requesting the promulgation of an edict ordering that the constitutional laws of the Empire be handed over to the Senate for its deliberation.

Successive Emperors of our dynasty have ruled the country with humanity and benevolence for some 300 years. The late Empress-Dowager and the late Emperor, seeing the difficulties of the times, took a drastic measure of reform, and issued a number of edicts determining the formation of a constitutional monarchy, and promulgating a programme of constitutional preparation which laid down the progress to be made year by year.

We were but a child when we took up the reins of government, and it is with the utmost trepidation that we strive to follow in the footsteps of our glorious forbears.

In the 10th moon of last year the Senate presented a memorial requesting the speedy opening of Parliament, and we issued an edict naming the 5th year of Hsüan Tung (1913) as the time for the assembly for Parliament, and specially appointed Pu Lun and others to draft a constitution with all speed and await our approval. The Senate states that the constitutional laws are for the purpose of bringing about a more perfect harmony and understanding between the Throne and the people, and that they ought to be laid before the Ministers and people for discussion as soon as they are drawn up. Also that deliberation by the Senate on these laws after their first draft, and before their promulgation, would be in no way at variance with the declared wishes of the late Emperors.

We hereby order Pu Lun and others, in accordance with the general scheme of the constitutional laws as already sanctioned, to hand over the draft of the constitution as soon as it is completed to the Senate for careful deliberation. On obtaining our sanction, it will be promulgated, in order to give confidence to the people and meet their wishes for reform.

EDICT: AMNESTY FOR POLITICAL OFFENDERS.

The Senate has presented a memorial praying for the speedy removal of the ban on political offenders, so as to exercise clemency and win the hearts of the people. From earliest times a ban on political offenders has been regarded as an evil to be avoided, for not only does it smother talent and crush a manly spirit, but political theories change from day to day, and utterances which were regarded as criminal in other times may become the accepted views of to-day. If, while drooping in exile abroad, such offenders may have uttered incendiary speeches, this is but a negligible fault, born of their political ardour, which caused them to overstep the bounds. Their feelings, therefore, are pardonable.

We hereby issue a special proclamation making known our gracious desire to make a new beginning with our people. All political offenders since 1898; all men who, on account of revolution against the Government, have gone into exile in order to avoid punishment; and all those who, involved in the present disturbances against their will, voluntarily return to their allegiance, will be forgiven for their past offences and be regarded as loyal subjects. In future, all subjects of the Chinese Empire who do not actually transgress the law will be entitled to the protection of the Government, and no person shall be arrested on suspicion and without due process of law. All those to whom this amnesty will apply should endeavour to improve their ways and manifest their loyalty, eagerly awaiting the completion of the constitution. Thus does the Throne declare its earnest desire for reform.

No other interpretation could be placed upon these remarkable decrees than that they represented the complete surrender of the Manchus. In transmitting their text to Sir Edward Grey, the British Minister, in a covering despatch, made the following interesting comment: "From the beginning of the Regency the Imperial utterances have gradually degenerated with the increasing weakness of the Government, until they have ceased to carry much weight with the

people. In the prosperous days of the dynasty, and even down to the death of the late Empress-Dowager, decrees were issued sparingly and in very dignified language, and were appreciated accordingly. It was an unwritten law that no decree could be recalled. Now they are poured forth in volumes, and follow each other in bewildering confusion, and often in contradictory terms. The more the Throne takes the people into its confidence the colder the response with which its overtures are met. The edict of October 30 is perhaps the most humiliating one which was ever issued by the Throne in China, and is said to surpass in pathos even the despairing appeals issued by the last Emperor of the Mings. This penitential edict, in which the Imperial House stands self-condemned for the trouble brought upon the country, is immediately followed by an edict excluding Princes of the Blood from holding offices of State. Members of the reigning House have attained an ascendency under the Regent which they have acquired during no previous reign. Prince Kung, the brother of the Emperor Tao Kuang, was, it is true, Foreign Minister of China for many years after the war of 1860 ; and Prince Ching, a collateral member of the Imperial Family, has acted in the same capacity ever since. But these were exceptions, and it is only during the last three years that princes and members of the Imperial clan have monopolised office. The Regent's two brothers, Tsai-hsün and Tsai Tao, took charge of the navy and army respectively. Prince Yü-lang, who had never held any post of importance before, was made chief of the general staff. Prince Pu Lun was given a variety of posts, and since Yuan Shih-kai's removal in January 1909 Manchus have been advanced to nearly all the highest offices in the capital."

In spite of the prodigality which characterised the monarchical concessions, the Lanchow forces still remained obdurate. A secret conclave was held in the Legation Quarter of the capital, at which there were present the party leaders of the National Assembly and intimate supporters of Yuan Shih-kai. Here we have direct evidence that the great statesman was associated with the movement aimed at securing the immediate granting of constitutional government. Such a circumstance was extremely significant, inas-

much as it afforded a clue to his reluctance to accept office until the Throne yielded completely to the popular demand. In short, the incident stamped Yuan Shih-kai as the friend of constitutional liberty. The crisis had become so acute that he had not time to consider the question as to whether the country was sufficiently prepared for such a daring innovation as the immediate establishment of representative institutions; but he was statesmanlike enough to realise that in this course lay the only hope of saving the tottering dynasty. True, it was a forlorn hope; but in face of the general situation throughout the country, which was desperate, no other policy could suggest itself to the party of moderate reform, whose acknowledged head he had been during the closing years of the previous reign. At the secret conclave, to which allusion has been made, a communication from the Lanchow troops was considered. Nothing but unequivocal capitulation on the part of the Throne would satisfy them. While wishing to see the dynasty retained, they formulated a series of demands, the principal of which were that a Parliament should be immediately summoned; that this body should draft a constitution the approval of which by the Throne should not be necessary; that ministers should be appointed by Parliament; and that members of the Imperial clan should forever be ineligible for Cabinet rank. The National Assembly supported these demands. Once again the Throne succumbed to the pressure of an armed force, which to all intents and purposes held the dynasty and the capital up to ransom. All the face-saving clauses employed in the following edict, issued on November 2, could not conceal the desperate straits to which the monarchy had been reduced:—

EDICT: CONSTITUTION TO BE DRAFTED BY THE SENATE.

The Commander of the 20th Division, Chang Shao-tseng, and others, have presented a telegraphic memorial stating that the decree of the 31st ultimo, making clear the intention of the Throne to give effect to the constitution for the reform of the country, has been received by the troops with tears of gratitude. But they state that the Cabinet cannot be formed

in a day nor the disturbances quelled at once, and, moreover, the constitution should be settled by the Parliament.

The object of the memorialists is to protect the dynasty and suppress disorder, and evinces great loyalty, which is most praiseworthy. . . .

As for the constitution of China, let it be for the Senate to at once submit a draft for our consideration, in order to make clear the common interest, which unites Throne and people, and that we seek the good of all and not our own."

On the previous day the Cabinet tendered its resignation. For the most part the Ministers confessed that they had failed in the discharge of their duties, and prayed for instant dismissal. Memorials in this sense the Throne held to be "most proper," and added laconically, "Let the requests be granted." Yuan Shih-kai was appointed Premier, commanded to restore tranquillity in Hupeh, and subsequently to proceed to the capital, where he was to form a complete Cabinet and "devise speedy measures for the reform of the Government." Within twenty-four hours of this announcement, however, he was ordered to "come to Peking forthwith." Meanwhile the National Assembly had wasted no time in framing a Constitution; for, on November 3rd, the day following the issue of the edict quoted above, they submitted a draft for the consideration of the Throne, together with a memorial in these terms:—

MEMORIAL by the Senate reporting their choice of a Constitutional Monarchy, submitting in the first place a Protocol of nineteen important articles, and requesting the Emperor to take the Oath and publish the Constitution for the benefit of the People.

YOUR servants would humbly venture to point out that the revolutionary movement has spread in every direction, having gradually extended to Szechuan, Kwangtung, Hunan, Kiangsi, Shensi, Shansi, and Hupeh. The Empire is tottering already, and conditions become daily worse. The one means to save the situation, the one remedy for the national ills,

may be summed up in the words: "Look to it that the constitution is sound."

Edicts have just been issued promising reform to the people, while the points put forward by General Chang Chao-tseng and his fellow-officers have all been conceded by the Throne; so now the whole Empire knows that it is the Emperor's fixed determination to set up such an excellent constitutional monarchy as shall satisfy the universal longing for good government. Now we are gratified beyond measure by the receipt of another edict, ordering that the drafting of the constitution be left to the Senate, and we cannot but try with all sincerity to put into effect the Imperial will.

In every nation which has a constitutional monarchy the British constitution has been taken as the model, and in the present instance, in drafting our constitution, we cannot do better than follow its principles. But the task of alteration and arrangement of the text is enormous, and will take a considerable time to complete. If the people surmise as to the forces influencing the Throne, they may perhaps suspect that the Ministers round the Emperor are whispering in his ear that once the danger past he can go back on his words. Just so did Napoleon III. of France prove unfaithful after the danger was over. But if a short scheme of the constitution be first of all proclaimed to the people, then the whole nation will rejoice, saying, "Our Emperor is indeed listening to his people's prayer, meeting us with all fairness and sincerity." This report will spread abroad, and will do more good than a million soldiers. We have now respectfully prepared a preliminary draft of nineteen important articles of constitution, which are all recognised by the constitutions of all constitutional countries, and we present them in the present abbreviated condition. As soon as the full draft is prepared it will be again discussed.

These articles having been repeatedly deliberated by the Senate, which has voted in their favour, we hereby respectfully present a list of them for the Throne's perusal, requesting that the Throne may give its decision, accept the articles boldly, take the oath in the Imperial ancestral temple, and proclaim the articles to the people, so as to strengthen the

State and defend the Imperial House. We do not deliberately use such terrifying language, but any delay will be too late. If the Throne does not proclaim the constitution at once, we fear the Imperial favour will never reach the people, and the Revolution will reach unspeakable lengths. Moved by our devoted loyalty as well as by the sight of the present troubles, we cannot refrain from speaking thus plainly to the Emperor's face, and we await the Throne's commands with fear and trembling.

The constitutional laws are an unchangeable ordinance, which it is of the utmost importance that both ruler and people should observe. This Senate received the Imperial commands to draft the constitution with great misgiving, and we dare not act without taking the opinion of the whole nation, so as to secure the best results. We have therefore telegraphed to the various provincial assemblies to collect their views, and we propose that in all matters of importance at present the troops be allowed temporarily to give their opinion in order to satisfy the wishes of the people.

*The Nineteen Articles of Constitution.*

Art. 1. The Imperial line of the Chinese Empire can continue perpetually unchanged.

Art. 2. The person of the Emperor is sacred and inviolable.

Art. 3. The powers of the Emperor shall be limited by the constitution.

Art. 4. Succession to the Throne shall be determined by the constitution.

Art. 5. The constitution shall be drafted and passed by the Senate and promulgated by the Throne.

Art. 6. Amendments in the constitution shall be originated by the national Parliament.

Art. 7. The members of the Upper House shall be elected by the people, the electorate being limited to those who have certain qualifications required by law.

Art. 8. The Prime Minister shall be elected by the national Parliament, and his appointment ratified by the Emperor. Ministers of State shall be recommended by the Prime Minister and appointed by the Emperor. No member of

the Imperial House shall act as Prime Minister, Minister of State, or high officer in the provinces.

Art. 9. If the Prime Minister is denounced by the national Parliament, either the latter shall dissolve or the former resign; but there shall be no dissolution of two successive Parliaments during the same Cabinet.

Art. 10. The Emperor shall be the commander-in-chief of the army and navy; but no military or naval force shall be employed within the Empire except in accordance with the rules expressly provided therefor by the national Parliament.

Art. 11. No ordinance shall set aside the laws or anything settled by law except in the case of an emergency ordinance, for which special rules shall be drafted.

Art. 12. No treaty shall be concluded without the approval of the national Parliament; but in case of a declaration of war or of the conclusion of peace when Parliament is not in session, approval may be given at a subsequent session.

Art. 13. The official system and the rules governing it shall be decided by law.

Art. 14. In case the budget of any year is not passed by the national Parliament that of the preceding year shall not hold good for that year. There shall be no fixed annual expenditure, and there shall be no extraordinary excess of expenditure beyond the budget.

Art. 15. The amount of the expenditure for the Imperial household, and any increase or decrease therein, shall be voted by the national Parliament.

Art. 16. No ceremony of the Imperial House shall be contrary to the constitution.

Art. 17. Administrative courts shall be established by both Houses of Parliament.

Art. 18. All Acts passed by the national Parliament shall be promulgated by the Emperor.

Art. 19. For the purposes of Articles 8, 9, 10, 12, 13, 14, 15, and 18 the Senate shall be deemed to occupy the position of the Parliament until the latter shall have been convoked.

So anxious was the Throne to appease popular clamour that on the day following the presentation of the above

memorial it commanded that the necessary ordinance relating to the election of members of parliament be speedily framed and the election proceeded with, so that a parliament might be "immediately summoned." The nineteen articles of the Constitution were unreservedly accepted and an undertaking given that the Prince Regent, representing the Emperor, would take an oath in the Temple of Ancestors that he would faithfully observe them. Some three weeks later, and with appropriate ceremonial, this promise was fulfilled. The text of the oath itself was published in the following pathetic edict :—

"The dynasty has been carried on for nearly 300 years. I, your descendant Pu-Yi,[1] since my enthronement, have endeavoured to consummate the constitutional programme, but my policy and my choice of officials has not been wise. Hence the recent troubles. Fearing the fall of the sacred dynasty, I accept the advice of the National Assembly and swear to uphold the nineteen constitutional articles and to organise a Parliament, excluding nobles from administrative posts. I and my descendants will adhere to it for ever. Your Heavenly Spirits will see and understand."

Further evidence of the Throne's desire to ingratiate itself with the forces of agitation was forthcoming in the appointment of General Chang Shao-tseng as Imperial Commissioner to proceed to the Yangtsze region. In spite of his recent insubordination, his qualities were extolled to the skies, and he was instructed to explain to the rebels that all their essential demands had been conceded and that the Throne was deeply concerned in regard to their future welfare. The General declined the appointment, and the nightmare of an attack upon the capital by the Lanchow troops continued to disturb the tranquillity of the Forbidden City. In frantic haste, and at the instance of the National Assembly, edict succeeded edict. Authorisation was given for the adoption of a Western calendar. Then the people were granted permission to discard the queue, that emblem of subjection to alien rule. The rebels had already abandoned this traditional custom, and in many instances it had been

[1] The birth name of the infant Emperor, Hsuan Tung.

sufficient for the Imperial troops that a captive found without a queue should be instantly put to the sword.

In other directions the Throne yielded readily to popular sentiment. The prohibition upon the formation of political parties was removed. Three Revolutionaries who had been serving a sentence of penal servitude for life for an attempted assassination of the Prince Regent were released and promised official appointments. The revolutionary secret society, the Ko Ming Tong,[1] was given open recognition, and a provision made that its leaders should be employed in the service of the State. Moreover, part of the palace treasure, hoarded for generations past, was disgorged, altogether thirty-three boxes of gold bars, to the value of a sum approximating £400,000 being handed over to the Ministry of Finance. "Nothing could more forcibly illustrate," wrote Sir John Jordan at the time, "the dire financial straits of the situation than does this unprecedented use of the palace money for the needs of the Government. Much of this treasure bears marks which show that it has been lying unused for over forty years, and neither the Boxer indemnity nor any of the other pressing demands of recent years ever made any encroachment upon it. It is believed that the sum now withdrawn only represents a small proportion of the total amount left by the late Empress; but inquiries on this point fail to elicit any accurate information. As a reflection upon the financial methods of Peking it is permissible to compare the situation as it is with what it might have been had all this money been properly invested and been made to yield a sum three or four times as large as it is now." Previously to this momentous act of generosity on the part of the Throne attempts had been made to propitiate the provinces stricken with flood and famine by grants of various small sums of money from the Privy Purse; but these inadequate doles only served to draw attention to the parsimony of the Throne, a circumstance which was exploited to the full by the Revolutionaries.

At this stage it will be of interest to examine the effect produced upon the country at large by the succession of cringing surrenders on the part of the monarchy. If we

[1] See Chapter LXXIII.

review the opinions held by competent foreign observers, we find that the panacea of a constitution, unaccompanied as it was by the complete abolition of Manchu influence, was regarded as falling far short of the national aspirations. Sir John Jordan, whose position naturally imposed restraint, having remarked in a despatch to the Foreign Office that the framework of the new constitution, modelled upon the British one, appeared to have been drafted over night, observed that "it undoubtedly had a tranquillising effect in Peking and the neighbourhood; but there were indications that it might fail to satisfy the aspirations of the revolutionary parties elsewhere. The Throne's hopes," continued the British Minister, "rest upon Yuan and the National Assembly being able to convince the country that it is better to keep the Manchu dynasty in position, shorn of all its power, than to face the prospect of probable confusion and disorder. Yuan's task is a stupendous one. In his favour are the innate stability and desire for peace at any price which characterise the masses of the Chinese people in ordinary times, and also the fact that there is no other constructive programme before the nation. On the other hand, the widespread nature of the movement and the success which has everywhere attended it put all attempt to recover the country by force out of the question, and the rebels may prefer to risk establishing a Government of their own, which, indeed, they have already done in some provincial centres, rather than trust Manchu promises given under compulsion."

So soon as the Throne ordered the draft of the constitution to be prepared, Dr. Morrison indicated that great as this concession undoubtedly was it would fail to satisfy the requirements of even the moderate reformers. He pointed out that the National Assembly, which was then acting as a restraining influence upon the military, would insist upon the removal of all Manchu prerogatives, the removal from Manchus of all military control, the disbandment of all Manchu corps throughout the Empire, the abolition of the Manchu pension list on one year's notice, the abolition of eunuchs, and the discarding of the queue and of the distinctive Manchu dress. Finally, he pointed out that the Assembly aspired to abolish all those customs, laws, and regulations,

which were incompatible with a constitution modelled on the British constitution.

As far as revolutionary opinion was concerned, it was frankly dominated by republican principles. Yet, as time went on, it became apparent that the difference existing between the extremists and the men who composed what may be termed the moderate party, whose vehicle of expression was the National Assembly, were narrowing down to a single issue. The moderate reformers wished to retain the Manchu dynasty, shorn of power and privilege. On the other hand, the advanced party were not slow to realise that the concessions of the Throne were in the nature of a death-bed repentance; and they sought by all the means at their disposal to hasten the end rather than run the risk of a miraculous resuscitation. Of all the humiliations which the Court brought upon itself at this period, the worst of all, perhaps, lay in the fact that its submission to popular clamour met with something akin to popular derision.

# LXXXII

## THE RECALL OF YUAN SHIH-KAI

In accordance with traditional etiquette prescribed on such occasions, Yuan Shih-kai begged to be excused from taking up office on the score of unfitness; whereupon the Throne renewed its commands, and the great statesman, whose foot by this time, it must be assumed, had fully recovered, signified his dutiful acceptance. On November 8 the National Assembly elected him Prime Minister by seventy-eight votes out of an attendance of eighty-seven delegates; and even Prince Ching, his downfallen predecessor, sent to him a message beseeching him to come to the capital without delay and save the nation. In the afternoon of November 13 Yuan Shih-kai arrived in Peking. He was guarded by a strong body of troops, including a contingent from his own province, and was met at the station by a throng of distinguished officials, among whom, however, observers did not fail to note the absence of Manchu princes. He drove to his residence through streets lined with onlookers, and altogether the welcome accorded him was in striking contrast with the depressing circumstances that, scarcely three years previously, had attended his departure into banishment.

The arrival of Yuan Shih-kai immediately relieved the tension that had so long existed in the capital. In him were reposed the last hopes of the dynasty. But although he commanded considerable influence throughout the country, it would be idle to pretend that he received the unanimous support of any party in the State. He was known to be an ambitious man, and in years past common report had attributed to him aspirations that were directed towards the Throne itself. The National Assembly was clearly divided as to the wisdom of a policy that would invest him with the powers of a Dictator, and although he possessed many friends and

protégés in the revolutionary party, among the latter notably General Li Yuan-hung, the commander-in-chief of the forces at Wuchang, he was rightly suspected by the majority of its adherents of a desire to retain some semblance of monarchical government. Thus, when he emerged from the clouds of disgrace to assume a position that conferred upon him almost autocratic power, he found that he was regarded on more than one side with distrust, not unmingled to some extent with veiled hostility. Yet, although the object of not a little suspicion, there was common agreement that no other personality in the Empire could be found to take his place. Viewed in this light it must be confessed that Yuan Shih-kai had become indispensable to China. Any student who has searched diligently the annals of history will find few parallels to so remarkable a circumstance as the fall and rise of this great statesman, a resurrection, as it were, from the oblivion of banishment among four hundred millions of his fellow-countrymen to the sudden attainment to the exalted position of master of their destinies. In the series of communications which had passed between the Court and Yuan Shi-kai, previous to the statesman's acceptance of office, references had been made to the favours he had received at the hands of the dynasty; and though it would be unreasonable to pretend that his subsequent actions were animated by gratitude to his Imperial master, who, let it be remembered, had sent him ignominiously into retirement, there can be no doubt that the mere acknowledgment of those favours had the effect of incensing the ardent leaders of the Republican party. That he was a man of great personal ambitions no one acquainted with the history of modern China will deny; but again it is beside the question to suppose that his decision to return to active life at the supreme moment of the dynastic crisis was actuated by anything in the nature of a self-seeking motive. First and foremost a patriot, he had never ceased to keep in sympathetic touch with the spirit of the nation, and realising the ills that had so long afflicted the millions of his countrymen, he determined to adopt the policy which he considered best suited to their needs. Briefly, this policy was to retain the Monarchy, shorn completely of autocratic power. Yuan Shi-kai feared, as many people fear to-day,

that the establishment of a Republic would strike at the very foundations of China's social fabric. He believed that as the monarchical principle could not be divorced from the Confucian philosophy, a philosophy which defined the duty of the individual to the family, the family to the community, and the community to the head of the State—the Throne itself, the adoption of a Republican form of government, spreading, as it would, the doctrine of individualism, must ultimately destroy those ethical and moral conceptions which, over long centuries, had held together the vast millions of China in the bonds of national unity.

Before reaching the capital he had taken measures to ascertain the real aims of the Revolutionaries. On November 10 his emissaries entered Wuchang, where, to an assembly composed of delegates from many provinces, headed by General Li Yuan-hung, they explained that Yuan Shih-kai favoured a limited monarchy on the basis of the nineteen articles of constitution framed by the National Assembly. The Revolutionaries, however, firmly declined to consider such a proposal; no form of government save a Republic would satisfy them. Moreover, while prepared to grant pensions to the Court, they demanded its removal to territory outside China proper. A picturesque native account of what took place, translated and published by the *North China Daily News*, throws a light upon the attitude of Yuan Shih-kai at this time, and also affords valuable evidence as to the estimation in which they held him. The envoys laid emphasis upon the peril of foreign aggression. "In reply," says the account alluded to, "the Tutuh, or General Li Yuan-hung, said that Yuan of Hangcheng was really very stupid. The partition scare may frighten all the world, but not the Hupeh men. The consuls of the Powers had been instructed by their Governments to observe strict neutrality. They, being civilised nations, all regarded the observance of international law as their first duty. Not only would they refrain from interference; but even assuming that there might be acts in violation of international law, 'our warm-hearted brothers of the eighteen provinces would be happy to risk their lives in defending their country. With a population of four hundred millions as our backbone, to open proper

negotiations with foreigners, however powerful they may be, they would certainly not make any forward step rashly.' He then asked them whether they thought that as the attitude of the foreign Powers towards China had hitherto been uncompromisingly strong, as manifested in a hundred instances, their forbearance in executing their threat of partitioning China was due to their fear of the Manchu Government or to the strength of China's popular unity. Could the retention of the Manchu Government guarantee the nation's integrity?"

We are told that the General then assumed a look of severity, and, with uncompromising vehemence, continued his oration in the following terms: "The idea of Yuan of Hangcheng's ordering you two gentlemen to come to me is fully divined by myself; the world at large also understands his purpose thoroughly. He wants to gain time to cause disaffection among the troops of the provinces, and to ferment ill-feeling between our leaders, so as to work us up to fighting with one another. Then he could, with his present seemingly unlimited power, easily restore order from province to province; after which he would drive out the Manchus and mount the Throne himself. Though his scheme is deeply laid, yet it will avail nothing, being already known to the nation. Therefore, I would advise him at once to retrace his steps, and for his own good, to recover the province of Honan, of which nobody but Yuan would then be appointed Tutuh.

"With Yuan's ability and fame, when our great task is accomplished, he will be assuredly the first legitimate person to be elected our President. Why does he not pursue this course, instead of his present uncertain scheme, trying to sow seeds of dissension among us, but without success so far? I say again that Yuan is really too stupid. As to his pretence that, having received favours for three generations, he could not be hard-hearted enough to sit by and witness the Manchus' downfall, it is not a manly assertion at all. Generally speaking as regards the nation, the Manchus are the thief while we are the master. If we were robbed, and our wives, children, money, and property were all taken from us by the robbers, and if the robbers engaged

us to take charge of their prey—should we regard the robbers as our enemy or as our kind master? Speaking privately, Hsuan Tung no sooner mounted his Throne than he drove Yuan out of his capital; Yuan was lucky to have escaped decapitation, but his life was then in greatest danger. Not only has Yuan taken no revenge, but he even regards his enemy as a favour-bestowing master; surely Yuan, however unwise, cannot be so utterly devoid of perception. The treatment of their meritorious servants by the Manchus has always been frivolous and inconsistent in the extreme; they lean upon them when useful as they would upon a mountain; but when once the service is achieved, they tread upon them as if they were mere dirt. Can General Nien Kêng-yao's fate, in spite of his really great service in many conquests, be forgotten by Yuan? In a word, if Yuan of Hangcheng is of our sentiment, let him point his banner northward. Otherwise, let him appoint a date for a great battle."

At this point the General's voice and countenance were represented as having become terribly severe. "After a short pause," continues the narrative, "he again addressed Messrs. Tsai and Liu, assuring them that what he had just said was all given in good faith as advice to Yuan Shih-kai, who would be, if still inflexible, considered a Manchu slave indeed. He then asked them if they, being both Chinese, thought his words true or false. Mr. Liu blushed crimson, and was unable to answer. Mr. Tsai said that the words of the Tutuh were words of golden stone (meaning words of great worth and strength), that they had been rudely but fortunately awakened, and that they would surely, when they gave an account of their mission to Yuan, not forget to make use of the Tutuh's words to persuade him. They also promised to send a reply to General Li at the earliest opportunity. The representatives of the provinces exclaimed in one breath their opinion of Yuan's behaviour as mean and unmanly (*i.e.* his endeavour to cause dissension among the revolutionists). A feast was held in honour of the two guests that evening. The general topic of conversation during the feast was the principle of revolution; and historical events of revolution in other countries, and struggles and wars waged

for the sake of human liberty were also freely discoursed. The revolutionists were quite enthusiastic and cheerful in their appearance. The feast concluded at midnight. The guests were taken by General Li Yuan-hung to his own apartment in the Assembly Building for the night. They took an early breakfast next morning, and hastily departed under an escort of the Tutuh's guards."

Yuan Shih-kai did not hesitate to give frank expression to his views, and from the outset he endeavoured to make plain his policy, not only to his own fellow-countrymen but also to the world at large. The following account of an interview which he gave to Dr. Morrison, the correspondent of *The Times*, on November 20, constituted what was, perhaps, the best exposition of this policy :—

"This afternoon I had the privilege of a long conversation with Yuan Shih-kai. I found him in excellent health and full of courage, realising the seriousness—almost hopelessness—of the task with which he is confronted, but determined to spare no effort to re-establish a stable Government and to preserve the country from disintegration. With this object he is advocating the retention of the present dynasty as a limited monarchy, fearing, if the demands of the Republican party prevail and the dynasty is removed, that there would be internal wrangling leading to anarchy, in which foreign interests would suffer and foreign lives be endangered, and so foreign intervention and partition would follow. Already, he says, there are signs of dissension among the Revolutionaries. Each province has its own objects and aspirations. The view of the North cannot be reconciled with that of the South. Their aims are widely divergent. I suggested that the Revolutionary movement was a protest against the weakening of China, against the impairment of her sovereign rights, and against the corrupt influences of a decadent Court, which had involved the Empire in disaster after disaster ; that the forces of the Revolution were directed towards increasing the strength and solidarity of the Empire and the people, not towards disintegration. The Prime Minister repeated his fear of the instability of a rampant democracy, of dissension and partition. He thinks that the retention of the reigning family,

deprived of all power to renew the misgovernment of the past, retained only as an emblem of monarchy, would be a bond that would insure the integrity of the Empire. I suggested that we had to face facts ; that no fact was more insistent than the determination of a large number of the best provinces of China to consent to no form of compromise which permitted the retention of the present dynasty. I suggested that it was difficult to understand how the retention of an unpopular dynasty, so unfitted to rule as the present dynasty, could be a unifying force ; it must inevitably be a disruptive influence. The Prime Minister questioned the correctness of this view. He said he had studied China closely, especially during the last three years when in retirement. He believed that seven-tenths of the population were still conservative and satisfied with the old regime ; three-tenths only belonged to the advanced party. If the Revolutionaries should succeed in overthrowing the present dynasty, another revolution might take place, headed by the Conservatives, having for its object the restoration of the monarchy. Amid such chaos all interests would suffer, and for several decades there would be no peace in the Empire."

Four days after his arrival in the capital, Yuan Shih-kai announced the names of the Ministers whom he had selected for his Cabinet. These, for the most part, were men of enlightened views, several of them having been associated with the Premier in former days when he was in power and engaged in the task of reform. Among those who were nominated to office was Liang Chi-chao, the intimate colleague of the banished Kang Yu-wei, who escaped from the country at the time of the *coup d'état* in 1898, and had since made his home in Japan. That some of the appointments had been conferred without consultation with the nominees was apparent from the fact that several of them, including Liang Chi-chao, subsequently refused to accept office. The somewhat premature announcement of the composition of the Cabinet was nevertheless evidence of sincere intention, and went a long way towards tranquillising popular feeling in the capital. Thus it was clearly manifested that none of the statesmen of the old regime, who had brought their

country to the verge of ruin, were to be allowed to take any part in reshaping its destinies.

Although the Imperialists had recaptured Hankow and Hanyang and were still holding Nanking, the general situation throughout the country was gloomy in the extreme. The horrible atrocities committed by the loyalist forces only added fuel to a conflagration that by this time had spread to all parts of the Empire, threatening to consume the capital itself. From the outset Yuan Shih-kai realised that the movement could not be suppressed by military force, and that in conciliation alone lay any hope of saving not only the dynasty but also the nation. Ominous rumours were already abroad that Japan and Russia contemplated taking advantage of the embarrassment in which China found herself to seize territory in Manchuria and Mongolia. The outlook could not possibly have been more critical. The highest dictates of patriotism demanded that all parties in the State should speedily compose their differences, lest aggression from without robbed them of the ideal which, in varying forms, they all sought to attain—a strong and united China.

One of the first acts of the Prime Minister was to consent to an armistice at Hankow. Telegraphic instructions were also sent to the authorities at Nanking that all resistance to the rebels was to cease. Thus, in a measure, the way was paved for the opening of peace negotiations.

# LXXXIII

## THE CHINESE REPUBLIC

IN the preceding chapter it has been shown that the cleavage existing between Yuan Shih-kai and the Revolutionary party was both wide and deep. The only choice open to the Prime Minister lay between frank acceptation of a Republican form of government or the continuance of civil strife, fraught, as he knew it assuredly would be, with the peril of foreign intervention, to be followed by the disruption of the country. The preliminary negotiations that took place at Wuchang had revealed the fact that in their grim determination to uproot the Manchu dynasty the rebels paid little heed to the gathering clouds that portended aggression from without. The responsibility that rested upon Yuan Shih-kai, therefore, was indeed a heavy one, and there were not wanting critics who thus early predicted that he was destined to fail ignominiously. To the end, however, he struggled with characteristic courage to retain at least some outward form of monarchical government. The instructions sent to the Imperial authorities at Nanking to cease all resistance had been disregarded, and the fall of the city, the seat of the last and many former Chinese dynasties, gave prestige to the cause of the rebels, and provided them, as it were, with a worthy "capital" in which they could centre their hopes and aspirations. Moreover, victory over the bloodthirsty Chang Hsun gave them ample compensation for the reverses sustained elsewhere. It was recognised in Peking that, if peace with any degree of honour were to be secured, then further sacrifices must be made. Early in November, Dr. Wu Ting-fang, formerly Minister to the United States, who had been given charge in Shanghai of the Department of Foreign Affairs under the Republican Government, together with other leaders, addressed an un-

compromising demand to the Regent calling upon him to abdicate forthwith. In this document the term "citizen" was employed, and the Regent was invited to co-operate in establishing a Republic as the only price of peace. "Our voice is already hoarse," read the concluding sentence, "and our tears exhausted. No more can be said." At the same time, with the object of explaining to the world the aims of the Republican party, and so enlisting moral support, Dr. Wu Ting-fang circulated a letter addressed to "Our Foreign Friends":—

"The Manchu dynasty," read this document, "has, by its benighted conceptions and barbaric leanings, brought China to a position of degradation. The nation is scorned, and its institutions and general retrogressive policy are the objects of contempt. For decades the enlightened among the Chinese endeavoured by peaceful means to promote and establish ambition among the people for an elevated line of progressive conduct. They have failed.

"The foreign powers, individually and collectively, have stood hammering at the door of China for centuries pleading for the diffusion of knowledge, a reformation of national services, the adoption of Western sciences and industrial processes, a jettisoning of the crude, out-of-date, and ignoble concepts which have multiplied to keep the nation without the pale of the great family constituting the civilised world. They have failed.

"The Manchu dynasty has been tried by a patient and peaceful people for centuries, and has been found more than wanting. It has sacrificed the reverence, forfeited the regard, and lost the confidence freely reposed in it by all Chinese. Its promises in the past have proved delusions and snares. Its promises for the future can carry no weight, deserve no consideration, and merit no trust.

"The popular wish is that the dynasty must go. . . . We have controlled the forces for evil in a manner which should characterise this revolution as the least sanguinary in the history of the world, when the sins of the country and nature of the masses are taken into consideration. . . . The hand of the people is now at the plough, and they must of necessity push on to the uttermost end of the furrow. We

ask our foreign well-wishers to unite with us in our appeal to the Prince Regent to abdicate and so end the strife that is now shaking the land. For our part our conduct is open to the full view of the world. We are fighting for what Britons fought in the days of old; we are fighting for what Americans fought; we are fighting for what every nation that is now worthy of the name has fought in its day. We are fighting to be men in the world; we are fighting to cast off an oppressive, vicious, and tyrannous rule that has beggared and disgraced China, obstructed and defied the foreign nations, and set back the hands of the clock of the world."

On December 6 came the momentous announcement that the Regent had resigned. This announcement was contained in the following edict issued in the name of the Empress-Dowager:—

"The Prince Regent has presented a verbal memorial to the effect that during the three years of his regency his employment of officials and his administration of the Government have met with public disfavour. The establishment of a constitution was no more than empty talk, and corruption and malpractices were being carried on to such an extent that the minds of the people had gradually been alienated and the Empire dismembered. Through the mismanagement of one man the whole nation had been thrown into the most grievous distress. It was too late for him to show his repentance by pangs of heart and aches of head; for if he clung to his high office and did not resign, he would cease to have the confidence of the people, and though he continued to administer the Government his commands would be of no effect. What improvement was to be expected under such circumstances? He therefore humbly prayed to be allowed to resign the Regency and to have no further part in the affairs of the State. His statement is most earnest and sincere.

"We have been living in retreat in our palace, and have been ignorant of the Government's policy. But the thought of the rising in Wuchang, followed by that in other provinces, the dire effects of the warfare which meet our eyes on every side, and its disastrous result on the commerce of

friendly nations—the thought of all this keeps us awake at night and robs us of our appetite. It is therefore most important that all the circumstances should be at once investigated and a scheme adopted for pacifying the Empire.

"The Prince Regent is of a liberal, honest, and conscientious disposition ; but though most earnest in administration, he lacks the ability to cope with the present situation ; he has allowed himself to be befooled, and the whole nation has suffered as the result. His prayer to be allowed to resign should therefore be granted. We hereby command that his seal of regency be given up and destroyed, and that he retire to his own palace as Prince Chun and take no other part in the Government. We further command that he be awarded an annual pension of 50,000 taels, to be paid out of the Civil List. In future, the Prime Minister and the Ministers of the Cabinet shall be responsible for the employment of officials and the whole administration of the Government. All orders shall, before promulgation, be sealed with the Imperial seal, and we shall perform the ceremonial of audiences, together with the Emperor. As the Emperor is still of tender age, some persons should be responsible for his personal safety. We therefore appoint Shih Hsü and Hsü Shih-chang grand guardians, and charge them with the duty of carefully guarding the Emperor.

"In view of the calamities which have occurred in every quarter and the dangers which beset the Empire, the princes, dukes, and others, who are intimately related to us and who share our fortunes, should each and all endeavour to cope with the present crisis, observing strictly the regulations of our clan, and not overstepping the bounds.

"The Ministers of State, being entrusted with heavy responsibilities, should show themselves all the more loyal and devoted ; they should purify their hearts and endeavour to put a stop to corrupt practices, so as to promote the welfare of the country and the prosperity of the people.

All our subjects should understand that we are not keeping the sovereign power for ourselves, but are making a genuine reform in the interests of the people, who must on their part maintain good order and peacefully pursue their

occupations, so that the evils arising from conflict and partition of territory may be avoided, and that a glorious and harmonious Government may be instituted. This is our sincere hope."

The appointments of guardians to the Emperor represented a sage compromise. The one, Shih Hsü, was a Manchu courtier; while the other, Hsü Shih-chang, was a Chinese who was a staunch supporter of Yuan Shih-kai.

By this time the fortunes of the dynasty were so desperate that not even the resignation of the Regent could restore them. Far from satisfying their demands, Republicans merely regarded the announcement as affording convincing evidence of the dire plight to which the Throne had been reduced. Although the Dowager-Empress sought to convey the idea that she had taken no active part in ruling the country, it had long been notorious that the Regent was completely under her domination. While disavowing responsibility, her edict none the less betrayed a repentant spirit; but in view of the lessons of the past and in spite of the repeated surrenders of monarchical functions, the sincerity of her assurance that "We are not keeping the sovereign power for Ourselves" might well have been suspected. The resignation of the Regent, then, was looked upon by the Revolutionaries as the removal of merely one of the many obstacles that still lay in the path of progress; and by the uncompromising attitude with which they continued to meet the conciliatory advances from the North, it was clear that they would not rest satisfied until Peking had been swept clean of every evil that in the past had poisoned the life of the nation. In other words, they wished to see the Court, with its intrigues and barbaric practices, its feminine sway, and its retinue of Manchu princes and nobles, consigned for ever to oblivion.

On December 3, through the medium of the British Consul at Hankow, a truce was arranged on terms practically identical with those proposed by Yuan Shih-kai; and this was subsequently extended by means of an armistice lasting fifteen days, to enable peace negotiations to be opened. Owing to the interruption of telegraphic communication the

provinces of Shansi, Shensi, and Szechuan were excluded from the arrangement. Tang Shao-yi was appointed delegate to proceed to Hankow, there to meet General Li Yuan-hung and the representatives of the provinces with a view to arriving at a satisfactory settlement of all outstanding questions. It was at this stage that some dissension began to manifest itself in the Republican party. Shanghai had become the real headquarters of the Revolutionary movement, and it was denied that General Li Yuan-hung was invested with the necessary powers to represent the party in the forthcoming negotiations. The differences that existed among the leaders, however, were largely exaggerated by foreign critics, and for the most part they related to questions of procedure rather than to policy. As a matter of fact on December 12, Dr. Wu Ting-fang sent a communication to the British Consul-General at Shanghai, confirming the information which he had already conveyed, that General Li Yuan-hung and the provincial delegates at Wuchang had elected him to represent the Republicans at a Conference with Tang Shao-yi in Hankow, arrangements for which had already been made by the British Consul at that place. He added that his departure from Shanghai was not desired by many of his friends, that important duties required his presence at that port, and that, in short, Shanghai was the most suitable place for the meeting. This intimation was conveyed to Yuan Shih-kai through the medium of the British Minister, and instructions were immediately issued that, in accordance with the desires of Dr. Wu Ting-fang, the Conference should take place in Shanghai.

On December 18, in the Municipal Town Hall of the international settlement, the first meeting was held; but it was agreed that, as the armistice had been broken, no terms should be discussed until all hostilities had ceased. The formal opening of negotiations took place two days later, when the Consular representatives of Great Britain, France, Russia, the United States, Germany, and Japan presented simultaneously a communication to the effect that the Legations at Peking had been unofficially instructed by their Governments to express their opinion that the continuation of the struggle exposed not only China but also material

interests and the security of foreigners to grave danger. Furthermore, the communication called attention to the necessity of arriving so soon as possible at an understanding, the opinion being expressed that such view was in accordance with the wishes of the two parties concerned. Both commissioners replied in sympathetic terms, although Dr. Wu Ting-fang was not slow to make diplomatic capital out of the incident, reminding the Consular Body that the Chinese were fighting for liberty, freedom, and good government; and that a hastily patched-up peace was undesirable. The first act of the Conference was to provide for the extension of the armistice. The firm attitude assumed by the Republicans left little margin for compromise. The Imperial cause was now in so desperate a state as to leave it practically at the mercy of the opposing side. Peking was reduced to dire financial straits. The four nations—Great Britain, France, Germany, and the United States—whose railway enterprise had played so large a part in shaping the Revolution, persistently declined to come to the rescue of the Throne in its last hours. The outcome of the Peace Conference was, therefore, a foregone conclusion. Dr. Wu Ting-fang uncompromisingly declared that the people would accept no other form of government than that of a Republic founded upon the will of the people. Thereupon, Tang Shao-yi did not attempt to resist the demand but immediately expressed his readiness to accept Dr. Wu Ting-fang's views, although he made haste to add that he must communicate with Peking before delivering a formal reply. A crisis was instantly precipitated in Peking. Hurried conferences were summoned, at which the situation was discussed in an atmosphere charged with feverish excitement. The suggestion was made in high Manchu quarters that Tang Shao-yi had been guilty of treason, and had it not been for the fact that the Prime Minister repudiated his envoy doubtless he, too, would have been the object of suspicion. As a matter of fact, Yuan Shih-kai had been repeatedly invited by the Republicans to consent to nomination as President; but he had steadfastly refused to be swayed from loyalty to the idea that the best form of government for China was that of a limited

monarchy. Meanwhile the rebels sought to bring pressure to bear upon Peking by continuing military preparations. The arsenal at Shanghai was kept constantly working, and among other munitions of war a large number of bombs of handy pattern were produced. Nor did they take any pains to conceal their plan to transport troops by sea northwards to Chefoo, and a number of ships were lying in readiness for this purpose. Arrangements were also advanced with the object of utilising the Tientsin-Pukow railway, which had only recently been completed throughout its whole length.

For the moment let us turn aside to describe the measures adopted by the Revolutionaries, when the Shanghai negotiations had reached a deadlock, in the direction of establishing a Provisional Government. These measures, like the military preparations that were actively pushed forward, were undoubtedly intended to force the hands of the authorities in the capital. In other words, it was recognised that further parley was of little use, and that the time had come when Yuan Shih-kai must be faced with the fact accomplished—the fact that, as far as the Revolutionaries were concerned, a stable and enlightened Government had been brought into existence. On December 21, the day following the breakdown of the peace negotiations, thirty Republican delegates met at Nanking, representing the following thirteen provinces: Kiangsu, Kiangsi, Hupeh, Hunan, Kwangtung, Kwangsi, Anhui, Fukien, Chekiang, Shensi, Shansi, Honan, and Kueichow. A Provisional Constitution, on the lines of that of the United States, had already been drawn up, and this was promptly accepted. It provided that a provisional President of the Republic should be immediately appointed, and that each province should be represented by three members. Eight days later Dr. Sun Yat-sen was elected President, and subsequently General Li Yuan-hung was appointed Vice-President. A Cabinet was also formed. The solar system for the calendar was adopted, and January 1 became the first day of the first month of the first year of the Chinese Republic. Meanwhile, Dr. Sun Yat-sen, after long years of exile abroad, set foot in his native country, and, accompanied by a bodyguard and a staff consisting of

Japanese as well as Chinese secretaries, proceeded by special train from Shanghai to Nanking, which city he reached, appropriately enough, in the evening of the first day of the Republican Era. He was received with a salute from the forts, provided with a cavalry escort, and, preceded by trumpeters sounding fanfares, an imposing cavalcade, in which the President wearing plain khaki attire was naturally the central figure, proceeded to the official yamen. The thoroughfares were thronged with people and lined with thousands of soldiers. Revolutionary flags were everywhere displayed, myriads of Chinese lanterns illuminated the scene, and the gateways of the yamen were decorated with coloured lights set amid a wealth of evergreens. The same night Sun Yat-sen took an oath in which he swore before the citizens to overthrow the Manchu Government and to obey the popular inclinations until a Republic was established "as a permanent nation on this earth, duly recognised by all the nations." Thereupon the booming of the guns announced the beginning of the new era. Sun Yat-sen then delivered an inaugural address outlining the policy of the new Government, and expressing his confident hope that such policy would "entitle China to a seat at the board of the International Council." The proceedings did not terminate until nearly midnight. All the outward signs and manifestations of a Republican Government were now in existence, and an official *Gazette* was published daily in order that the citizens should be informed of the various measures taken. The Assembly, or Senate, telegraphed to Peking their assurances that the Emperor would be treated with the dignity of a sovereign on foreign soil, that liberal allowances would be made to him, that the Court would be permitted to reside at Jehol, the princes to retain their property and titles, and that every individual within the country, together with its outlying dependencies, was to be regarded as a Chinese citizen. A "manifesto from the Republic of China to all friendly nations" was issued, in which the Manchu Government was impeached, and pledges were given that in the future the government of the country would be conducted in an enlightened manner. "With this message of peace and goodwill," concluded the manifesto, "the Republic of

China cherishes the hope of being admitted into the family of nations not merely to share their rights and privileges, but also to co-operate with them in the great and noble task called for in the upbuilding of the civilisation of the world."

The establishment of a republic at Nanking caused intense irritation to Yuan Shih-kai. Meanwhile, however, negotiations between Tang Shao-yi and Wu Ting-fang had been renewed, and on December 29 it was agreed that a National Convention should be called to determine upon the future form of government. In regard to the military arrangements, it was further decided that all the Manchu troops in the provinces of Shansi, Shensi, Hupeh, Anhui, and Kiangsu should evacuate their positions and be withdrawn to a distance beyond 100 *li* within five days, beginning on December 31, at 8 A.M., leaving behind them only the police to protect the places thus evacuated. The republican troops were neither to advance upon nor occupy these evacuated places, so as to avoid collisions, until special regulations had been made by mutual agreement within five days, when further withdrawals of troops were to be carried out according to these regulations. The Manchu troops were not permitted to advance upon and attack those places in the province of Shantung which had already fallen into the hands of the Republicans, nor were the Republican troops to advance upon and capture new places.

Yuan Shih-kai promptly repudiated these arrangements, declaring that Tang Shao-yi's powers were strictly limited to "earnest discussion of the situation only." That the position of an Imperial envoy who had embraced Republican principles on the occasion of his first meeting with the representative of the Revolutionaries was from the outset untenable, could not be doubted. Realising this circumstance, Tang Shao-yi repeatedly tendered his resignation to Peking, and ultimately Yuan Shih-kai announced that as it was impossible to detain him on the scene by force, "I have now obtained Imperial sanction for him to retire." In telegraphing this decision to Wu Ting-fang, he dwelt upon the difficulty of obtaining a suitable successor, and the danger of delay in arriving at a settlement. He suggested that negotiations should be conducted direct by means of the telegraph between

himself and Wu Ting-fang. The Republican envoy replied with some vigour that at the opening of the Conference credentials had been exchanged, and those of Tang Shao-yi were found to invest him with full powers. Therefore he held the Prime Minister to agreement with the actions of his representative, and in rejecting the proposal that the negotiations should be conducted by telegraph, on the score that it was in conflict with precedent and convenience, he invited him personally to Shanghai, there to discuss all outstanding questions.

From the moment that he accepted office as Prime Minister it became apparent that Yuan Shih-kai aimed at making Peking the place where the future form of government should be decided. As early as November 18, as a consequence of his advice, an Imperial edict was issued directing the viceroys and governors of the provinces to send delegates to the capital for the purpose of "holding a public Conference to decide the nation's policy and to tranquillise the people's minds." It was not surprising, in view of the state of the country, that nothing came of this proposal. On December 28, while the Peace Conference at Shanghai was in progress, a further edict, decided upon during a hurried meeting at which the Dowager-Empress, the Manchu princes, and Yuan Shih-kai were present, declared that the issue was not one "that a single section of the people may monopolise, nor can it be decided arbitrarily by the Throne alone." It was therefore commanded that the Cabinet should frame proper rules of election and a provisional Parliament be summoned. "I am of opinion," read the rescript, "that Heaven will give birth to the people and then elect a monarch for them to shepherd them. It is intended that one man should feed the nation, and not that the nation should support one man. . . . Heaven sees what the people see, and Heaven hears what the people hear." This Imperial pronouncement was regarded as an important concession, inasmuch as it indicated the willingness of the Throne to bow to the will of the people. But as the will of the people had already made itself manifest in favour of a republic, it was widely recognised that the dynastic rule was rapidly approaching its end. The Revolutionaries saw in the project

to summon an Assembly by election a desire on the part of the Throne to gain time. Thus, while it was apparent to most people that the days of the dynasty were numbered, it was equally plain that within the Forbidden City a forlorn hope was still cherished that at the eleventh hour the situation might be retrieved. The resignation of Tang Shao-yi was not carried into effect. Peace conferences still continued in Shanghai, and telegraphic communications were constantly exchanged with the capital. In agreeing that an Assembly representative of the nation should decide the future form of government, the Prime Minister had given countenance to the preliminary terms arranged between his envoy and Wu Ting-fang. Disagreement then arose as to procedure. The Republicans, as was only to be expected, rejected the idea that the matter should be left to the decision of a body elected according to rules framed by the administration in Peking. Then Yuan Shih-kai had stipulated that delegates from the dependencies should participate. But again he was suspected of desiring to gain time in which to revive the fortunes of the monarchy. It was pointed out that the dependencies were so remote that a considerable period must necessarily elapse before their representatives could arrive on the scene. The counter move of the Shanghai Peace Conference, which by this time had practically assumed the form of a Republican committee dictating to the Empire, was to decide that in the event of the Assembly meeting a quorum should be held to consist of three-fourths of the delegates nominated, thus providing for immediate action on the part of the provinces of China proper, fourteen of whom were already committed to the Republican form of government. Yuan Shih-kai, however, still continued to repudiate the original peace terms, urging that the Republicans had rendered them inoperative by breaking the armistice in Shansi.

As a matter of fact, it was too much to expect that the mere summoning of a Peace Conference could lead to an immediate restoration of tranquillity throughout the country. With the memory of the sanguinary events of the recent past, it was difficult to restrain the soldiery on either side, and whenever provocation offered, a collision between the oppos-

ing forces was inevitable. There was certainly warrant for the belief that Yuan Shih-kai was seeking for a loan while delaying peace negotiations. Had he succeeded in his quest it is difficult to imagine the course which events might have taken. Whatever differences may have existed between the two parties in the State regarding the procedure of summoning a National Convention, there was a complete deadlock as to the choice of place for meeting. Yuan Shih-kai, supported by the Tszechengyuan, naturally favoured Peking or Tientsin, while the Republicans insisted upon the suitability of Shanghai or Nanking. Here, then, there was a definite cleavage between North and South, and at one time the situation became so strained that suggestions were made in more than one responsible quarter in favour of a division of the country.

That the patience of the Republicans was becoming exhausted was evident from the fact that two alternative policies received serious consideration—the summoning of the Convention at Shanghai without reference to Peking; or the coercion of the capital by the transport of troops to the North. Imbued as they were with the single idea that a republic was the only form of government that would satisfy the nation, having devoted their efforts to this end for many years past, and determined that in no circumstances would they be cajoled into accepting a compromise at the hands of a monarchy already in the last throes of a death agony, it was not to be wondered at that the Revolutionaries failed to appreciate adequately the stupendous obstacles that confronted Yuan Shih-kai in his efforts to restore tranquillity. The nature of these obstacles are best told in the eloquent words of the great statesman himself. On the occasion, to which reference will be made in the course of this chapter, when the Throne desired to confer upon him the rank of Marquis, a signal honour rarely granted to notabilities of Chinese nationality and only given posthumously to the great Li Hung-chang, he replied in the following terms: "As I knelt to receive your mandate I was sorely afraid. I recall that I have received hereditary favour from the Throne, and have been repeatedly accorded marks of its signal approbation. At the outbreak of the revolution I was again appointed to a viceroyalty, and was placed in supreme command of the troops.

Afterwards, on the Cabinet being formed, I was appointed Prime Minister. Confronted by recurring difficulties, and grieving at my failure to redeem the situation, I have been unable to accomplish the smallest result after the lapse of months. The dynasty is crumbling into dust, and the people's love is in fragments like a potsherd. The body politic is smitten with a murrain, and no cure for its dis temper can be found. Like Shih Ko-fa, the last Ming commander-in-chief, I am destitute of a fraction of recorded merit, and my guilt knows no desert save death. I now beg to recount to your Majesty the perplexities under which I have laboured since taking office.

"At first the revolution was military in character. It spread to the official class and to the rest of the population. Within a month thirteen provinces had been lost, and both Chihli and Shantung were showing signs of disaffection. The Throne gave ear to the people's wishes, and agreed to the prayer of the Assembly to promulgate the fundamental articles of the Constitution. The sovereign was thus shorn of practically every vestige of power, and there was nothing left for him to surrender. The Government would have been what some still desire—namely, a sovereign with an empty title at the head of a republic. When I first entered upon office I was in favour of a constitutional monarchy, in the hope that the position might be still saved. It seemed as if my desires were on the eve of realisation when the Chihli troops accepted these proposals and Shantung cancelled its declaration of independence. But after the recapture of Hankau the Navy mutinied; no sooner was Hanyang taken than Nanking fell. A friendly power then mediated with a request for an armistice and a Peace Conference in the interests of humanity.

"I accordingly sent a representative to Shanghai to discuss the situation; but after a fortnight's conference no result was attained, and the Republicans refused to abate one jot of their demands for a Republic. The Provincial Assemblies of Chihli and Honan then followed their example and constant outbreaks were occurring in the interior. This has been followed by successive Revolutionary successes at Urga, Kuldja, and Khailar. Even feudatories which have

been loyal for centuries were thus deserting the dynasty. I was consumed with grief at the thought of the imminent ruin which confronted us, and the heritage of woe which awaited the dynastic altars. I was forced to lay the facts before your Majesty, and you accordingly deigned to summon the princes and ministers to an audience, at which each and all gave expression to identical views. You did then issue a decree summoning a National Convention to determine the future form of government. This was a complete frustration of my original hopes; but I still clung to the possibility that the Convention might not insist on a republic, and might adhere to a constitutional monarchy. But no decision has been reached on the place of meeting or the mode of election. Meantime telegrams came pouring in from persons of eminence in their respective districts, from viceroys and governors who had done the State some service, from the envoys abroad who are well versed in foreign affairs, and even from chambers of commerce in the ports, with the strongest appeals for a republic. In the secrecy of my chamber I shed tears, the while I wondered how the affections of the nation had been so utterly alienated and how irretrievable had our fortunes become. This is my first reason for stating that I have failed in performing my duties.

"To refer to military matters. When first I emerged from retirement and took over the supreme command, I felt that the Hupeh situation was of extreme urgency, and asked for reinforcements and funds. It was not till you had accorded your consent that I agreed to accept the post. But time was needed for the raising of troops and the provision of money. Your repeated mandates enjoining my departure had reached me before I arrived at the front. On reaching there I put fresh energy into officers and men; and had the occasion been pressed home it is highly probable that Wuchang might have been recaptured after the fall of Hankau. But at that time the discussions of the Assembly and the unanimous demands of all classes of the community urged a policy of pacification. In consequence, repeated decrees were issued deprecating further hostilities, and I had the honour to proclaim your merciful mandate and to call a halt to renewed fighting. When I reached Peking I found

that the Treasury was completely exhausted, and that there was an utter lack of munitions of war. My negotiations for a loan were fraught with entire failure. The campaigns in Chien Lung's reign for the conquest of Turkestan and the Tibetan frontier—those of the succeeding reign against the rebels in five provinces—involved the expenditure of nearly 100 million taels. The glorious campaigns of half a century ago against the Taipings and other rebels cost at least ten times that sum. At present we dare not look a month ahead for provision of funds. It is true that your gracious grants from your private treasure have rendered us secure from dispersion of our forces through hunger. The fact remains that we are devoid of means for augmenting our troops or increasing our supplies. We have to do as best we can with the scanty force at our disposal; and if we protect one place, it is at another's expense. This was why we failed to succour the weak garrisons at Nanking, Hsiang-yang, and Chingchau. On the other hand, the Republican forces are everywhere inciting the lawless element to cause disturbances. While cities once lost cannot easily be recovered, there is every likelihood of trouble breaking out in districts hitherto tranquil. Everywhere fresh troops rally round the Republican standard. Our numbers remain ever stationary. The force recently raised in Manchuria cannot immediately appear on the scene. The ever-increasing disturbances in Honan and several other provinces cannot immediately be suppressed. Thus has failure so far attended our military operations, and herein is my second reason for saying I have failed in performing my duties.

"While we have been quite unable to wage a successful campaign at home, our relations with Foreign Powers have been full of perplexities. To take only the most conspicuous instances: there was the question about railway transport for the troops; the appropriation of the Customs to meet our obligations abroad; the demand of foreign Chambers of Commerce to protect life and property on the ground that the treaties were no longer being observed. Further procrastination will only hamper us with fresh obstacles, and no plea based on reason or sentiment will suffice to retrieve the position. Meantime all governmental reform is suspended

by reason of the war ; the administration remains as rotten as ever. It is one of our comparatively smaller difficulties that such talent as we possess finds it no easy matter to translate the theory of the schools into practice.

"At this time, when my powers are declining, I have failed in requiting the Imperial bounty which has assigned to me this heavy responsibility. The cup of my offences is daily filling, and my desert is less than a grain of sand or a drop of water. It would better become me to demand dismissal from my post; but I cannot bear to speak of leaving your Majesty's side when I, whose family for so long has enjoyed Imperial favour, am the witness of the poignant anxiety which is your companion day and night. But if I accept this high honour I shall be casting a slur on the equitable bestowal by the Throne of rewards and punishments, and shall be failing in the duty which I owe to the people of this country. How should I ever be able to guide public opinion or to set an example for the official body to follow? It remains to entreat your Majesty to cancel your former mandate, and to allow my purity of intention to be manifested to the world and my guilt to suffer no further aggravation. I pause and can say no more."

The old enemy of Yuan Shih-kai, Tieh Liang, constantly intrigued with the Manchu princes in order to bring about the downfall of the Premier. At one time it appeared that he was destined to succeed, in which event a division of north and south, with Manchu domination of the former sphere, could not well have been averted. On more than one occasion Yuan Shih-kai threatened to abandon his thankless task ; and in the end the Manchus, realising the danger in which their own interests would be placed were he allowed to do so, paid heed to his counsel and declined to become the victims of Tieh Liang's intrigues. While the procedure for the summoning of a National Convention was the subject of discussion at the Shanghai conference events were moving rapidly in the capital. All the indications went to show that the sympathies of the north were inclining towards the Republican cause centred in the south. Manifestations of unrest throughout the Metropolitan province assumed alarming proportions. Thus,

as it were, the last stronghold of the monarchy was undermined by the forces of revolution.

Early in January there were not wanting signs that at last the Throne had abandoned all hope. It was on January 16, when returning from the palace where he had been engaged in a conference with the Empress-Dowager to decide upon the text of the Decree of Abdication, that an attempt was made to assassinate Yuan Shih-kai. Three bombs were thrown at his carriage. The Premier himself escaped unhurt; but twenty people, including several members of his bodyguard, were wounded, some dying subsequently of the terrible injuries inflicted. The bomb-throwers, who were arrested, confessed that they were Revolutionaries and that they wished to rid the country of Yuan Shih-kai, whom they blamed for prolonging hostilities. The Republican party promptly disowned them, and Dr. Sun Yat-sen hastened to telegraph his sympathies to Yuan Shih-kai. Throughout the incident the Premier remained perfectly composed. Other terrorist outrages followed. On January 27 two bombs were thrown at General Chang Huai-chih, the commandant at Tientsin, who had been a stern opponent of the Revolutionaries and whose firmness had been chiefly responsible for maintaining law and order in the city. The carriage in which he was driving was damaged, and the General himself had a miraculous escape. The following day Liang-pi, the Assistant Chief of the General Staff and a Manchu general of prominence, was injured as a result of a similar attack. It was about this time that the Throne offered a marquisate to Yuan Shih-kai. In spite of repeated commands, he succeeded in cleverly evading the honour, and finally begged that acceptance might be postponed until the situation had improved. Doubtless his policy on this occasion was animated by a proper appreciation of the gravity of the crisis; and realising that the day was not far distant when he would become a citizen in a community of citizens, he was anxious to avoid the embarrassment of a title.

Negotiations with the Revolutionaries had reached a deadlock. No other alternative to complete surrender suggested itself to the Government save a resumption of hostilities.

Final realisation that even military resistance was no longer possible was forthcoming when the announcement was made that a memorial had been received signed by many high civil and military officials, including General Tuan Chi-jui, Generalissimo of the Imperial Army in the North, urging the abdication of the Throne and the establishment of a Republic. Although doubts were cast upon the authenticity of the document which formed the subject of this announcement, it certainly had the effect of convincing the Manchus of the utter futility of any further efforts at compromise.

Negotiations were now directed towards arranging the terms of abdication. On the whole, the Republicans were disposed to generous treatment towards the Imperial family. A settlement was almost in sight when an authoritative announcement was made from the revolutionary side that Yuan Shih-kai had suggested that within forty-eight hours of the abdication the Republican Government should dissolve, and that he, himself, should proceed to form a provisional government in Peking. Immediately doubts were cast upon his sincerity. Sun Yat-sen, whose high patriotic motives throughout the prolonged crisis could not be impugned, had offered to resign his position of Provisional President on the day that the abdication of the Emperor became an accomplished fact, and to elect in his stead Yuan Shih-kai. His action was purely voluntary, and he encountered not a little difficulty in persuading the Nanking Assembly, many members of which were still suspicious of the Premier's policy, that the interests of the country would best be served by the adoption of the course which he suggested. In these circumstances it was not surprising that distrust of Yuan Shih-kai should again be revived. Without withdrawing their original terms concerning the abdication, the Republicans then submitted the following counter proposals to those presented by Yuan Shih-kai as to the procedure that should be followed after the abdication:—

(1) The Manchu Emperor must abdicate and surrender all sovereign power.

(2) No Manchu can participate in the Provisional Government of China.

(3) The provisional capital shall not be in Peking.

(4) Yuan Shih-kai cannot participate in the Republican Provisional Government until the foreign Powers have recognised the Republican Provisional Government as the successor to the Manchu rule of the country, and until the country has been reconstructed and peace and harmony prevail.

Sun Yat-sen, in criticising Yuan Shih-kai's proposal that after the dissolution of the Republican Government he himself would form a provisional administration, declared that no guarantees could be given as to the character such administration would assume. He then addressed a somewhat ill-considered Circular-Note to all the Powers, in which he stigmatised Yuan Shih-kai as the champion of the Manchus, and went on to say: "He has attempted to secure immediate abdication of the Throne, dropping out of consideration the question of the National Convention, no doubt thinking he would thus become President in quicker time. He now endeavours to throw dust in the eyes of the world. He wanted the Manchus to dissolve the government, and us to dissolve ours, leaving him alone in power. We have not changed our terms, but we require a guarantee that Yuan-Shih-kai will only work for a sound government on Republican lines."

To these charges Yuan Shih-kai replied, in a calm and statesmanlike communication, that he was not animated by personal ambition, his sole desire being to preserve the integrity of his country and to establish a stable form of government. "I am ready," he declared, "to accept almost any solution, so long as peace is gained and the solution is the fruit of reason, truth, and justice." That there was warrant for the attitude taken up by the Premier was made manifest in the arguments he had advanced when putting forward the original proposal that he should form a provisional government at Peking. He urged that the people in the north required some one in whom they had confidence to control affairs during a period of upheaval, and also that unless such a man was located in the capital the Diplomatic Corps would be left without a responsible medium for communication. The answer of the Revolutionaries was that

these duties would become the concern of the Republican Government. They demanded that Yuan Shih-kai should declare himself finally an adherent of their cause—that, in short, he should make himself known as a loyal citizen of the Republic. For a time there was a complete deadlock. Two governments virtually ruled the country. The Republican Administration at Nanking governed the south, Yuan Shih-kai was, to all intents and purposes, dictator of the north. Meanwhile the armistice, which had been renewed again and again, was drawing to a close. Then, at the last moment, there came to the rescue the admirable spirit of reason which had characterised the negotiations throughout. Yuan Shih-kai formally intimated his adherence to the Republican cause.

Late in the evening of February 12 were issued the last decrees of the Manchu dynasty. These historic documents, which were countersigned by Yuan Shih-kai and six members of the Cabinet, opened with the sentence: "We, the Emperor, have respectfully received these edicts from the Dowager-Empress." As transmitted by the Peking correspondent of the *North China Daily News*, they were as follows: "(1) In consequence of the uprising of the Republican army, to which the people of the provinces responded, the Empire seethed like a boiling cauldron and the people were plunged into misery. Yuan Shih-kai therefore commanded the despatch of commissioners to confer with the Republicans with a view to a National Assembly being formed to decide upon the form of government. Months have elapsed without a settlement being reached, and it is now evident that the majority of the people are in favour of a Republic. From the preference that is in the people's hearts the will of Heaven is discernible. How could We oppose the desires of millions for the glory of one family? Therefore We, the Dowager-Empress and the Emperor, hereby vest the sovereignty in the people. Let Yuan Shih-kai organise with full powers a Provisional Republican Government and confer with the Republicans as to the methods of union that will assure peace to the Empire, thus forming a great Republic by the union of Manchus, Chinese, Mongols, Mohammedans, and Tibetans.

"(2) According to the Cabinet's memorial embodying the

courteous treatment proposed by the people's army, they undertake the responsibility of perpetual sacrifices before the Imperial ancestral temples and mausolea, and also the completion of Kuang Hsu's mausoleum ; the Emperor is understood to resign only his political power, while the Imperial title is not abolished, and the Imperial kinsmen—Manchus, Mongols, Mohammedans, and Tibetans will endeavour to fuse with the Chinese and to remove racial differences and prejudices. Our sincere hope is that peace will be restored and that happiness will be enjoyed under the Republic."

The third edict informed the viceroys and governors that the Throne was retiring from political power to meet the people's wishes, and instructed provincial officials to keep the people quiet. It added that the Throne's motive was the modelling of a policy in accordance with the progress of the times and at the earnest desire of the people, and solely for the suppression of the great disorder and the restoration of peace.

It only remains to be added that the Republicans gained their point in regard to the future title of the Emperor, who was to relinquish the title of Ta-ching (great pure) in favour of that of Ching (pure) dynasty. Moreover, all Imperial titles were to be recognised only during the lifetime of their holders. The civil list of the Court was fixed at four million taels, to become four million dollars on the reform of the currency ; and it was agreed that pensions to Manchu bannermen should continue until such time as occupation could be found for them. So soon as the abdication became an accomplished fact, Yuan Shih-kai sent a despatch to the Provisional President and the Republican Government beginning with this remarkable declaration : "A Republic is the best form of government. The whole world admits this." He continued in the following terms : "That, in a single bound, we have passed from autocracy to republicanism is really the outcome of the many years of strenuous efforts exerted by you all, and is the greatest blessing to the people. The Ta-ching Emperor has proclaimed his abdication by edict countersigned by myself. The day of the promulgation of this edict shall be the end of the Imperial rule and the inauguration of the Republic. Henceforth we shall exert

our utmost strength to move forward in progress until we reach perfection. For ever we shall not allow monarchical government in our China. At present the work of consolidation is most difficult and complicated. I shall be most happy to go to the south and to listen to your counsels in our conference as to the methods of procedure. Only on account of the difficulty of maintaining order in the north, the existence of a large army requiring control, and the popular mind in the north and east not being united, the slightest disturbance will affect the whole country. All of you, who thoroughly understand the situation, will realise my difficult position. You have studied the important question of establishing a Republic and have formed definite plans in your mind. I beg you to inform me as to the way of co-operation in the work of consolidation."

At first the opinion prevailed among the Republicans that the terms of the abdication were unsatisfactory. The fact that the abdication edicts invested Yuan Shih-kai with powers to form a Republican Government gave rise to adverse criticism. "The exercise of such pretentious power," telegraphed Sun Yat-sen, in a despatch to the great statesman, "will surely lead to serious trouble. As you clearly understand the needs of the situation, certainly you will not accept such authority. I cordially invite you to come to Nanking and fulfil the expectations of all. Should you be anxious about the maintenance of order in the north, would you inform the Provisional Government by telegraph whom you could recommend to be appointed with the full powers to act in your place as a representative of the Republic? Expecting your reply to this telegram, I hereby again extend to you our cordial welcome to Nanking."

The Nanking Assembly supported the views of Sun Yat-sen that Yuan Shih-kai, on accepting the Provisional Presidency, should proceed to the south, there to take oath before the electing body. Moreover, they strenuously continued to advocate that Nanking should be the capital of the country. The receipt of the Chinese text of the abdication edicts in the south, revealing as they did the complete surrender of the monarchy, went a long way towards allaying anxiety. It was apparent, however, in view of the continued unrest in

the north, that circumstances would not permit Yuan Shih-kai to leave immediately for the south. Nevertheless, he did not hesitate to give an undertaking that so soon as the situation improved he would comply with the wishes of Sun Yat-sen and his party. Eventually counsels of moderation prevailed in the Nanking Assembly, and on February 15 Dr. Sun Yat-sen and the Provisional Cabinet resigned and Yuan Shih-kai was unanimously elected, by the votes of seventeen provinces, Provisional President of the Republic. Emphasis was laid upon the historical fact that there had only been one other instance of unanimous election to Presidency—that of Washington. Therefore Yuan Shih-kai was hailed as the Washington of China. Provision was made that Sun Yat-sen and his colleagues should continue to discharge their duties until such time as Yuan Shih-kai was elected Provisional President by a National Convention. On the previous day an imposing ceremony took place at Nanking. Sun Yat-sen proceeded to the Ming Tombs and, offering sacrifices, declared to the spirits of the departed ancestors that the Manchu domination had been overthrown and a Republic established. The scenes on this occasion were vividly described for the *North China Daily News* by Lim Boon-keng, a Chinese writer, whose account merits quotation at length: "The morning was cold and misty, but the vicinity of the President's residence was early astir with the movements of troops and crowds of people from all quarters. The Residency was decorated with flags of all nations, in the midst of which were the rainbow-coloured flags of the Republic. Troops from every province were represented. They lined the route and massed in great strength in front of the tombs. The Presidential party, consisting of his bodyguard and the Minister of War and his staff, rode out amidst the strains of national music by the army band. The cavalcade passed through historic scenes—the old Tartar city, the ancient Ming palace, whose grim wall reverberated to the sounds of the martial music, and the shouts of the people.

"The monoliths that have stood silent sentinels for so many centuries seemed to acquire a new significance. As the troops and the President's party marched past these monuments and the figures of ancient warriors, one felt what

feelings of joy, enthusiasm, and triumph must have filled the assembled people. As the Presidential party approached the tombs the orders of the officers were passed from company to company in succession, and the wave of the sounds produced by the movements of the troops in coming to a general salute had a most impressive effect. From the hillside the wavelike rise and fall of the long line of bayonets, the rows of soldiers in all colours, the numerous flags and banners, the gathering with glad faces, all formed a group worthy of the occasion ; and, indeed, enough to wake up the great warrior founder of the Mings.

"The elements themselves seemed to have caught up the spirit of the great concourse. The heavy clouds passed away, and the sun shone brightly upon the President as he rode up to the great portals of the historic tombs. True to the profession he had made to the nation, he also exemplified, by proceeding to perform a national ceremony of the utmost historic importance, the great virtues of our sage emperors of whom Confucius taught and of whose wisdom our national poets and historians have lavished their praises in successive ages. Almost pale with emotion, the President looked as if the historic associations overwhelmed him. Silent, serious, and statesmanlike, as befitting the occasion, he dismounted after entering the great courtyard and proceeded, amidst music, the plaudits of the people, and the detonation of fireworks, to mount the steps to the first pavilion in the mausoleum. Passing through the building, the party moved to the second pavilion, where a short rest was taken ; then the steps on the other side were descended and the long paved path to the tomb was traversed ; the tunnel under the main wall, on which the chief buildings of the mausoleum stood, was passed, and the top, where stand the sacrificial altars, was reached by a slope up the side. From the verandah, which was lined with troops, the whole city, with its awe-inspiring walls, the Purple Hill, the watercourses, and the distant mountains, could be surveyed at a glance. Entering the archway, the party came to the now roofless central court. At the far end, facing the entrance, was suspended a lifesize ancient but splendid water-colour painting of the Emperor Hungwu, the founder of the

great Ming dynasty. Immediately in front stood a large Imperial tablet bearing letters in gold: 'The throne of his Imperial Majesty, great founder of the Ming dynasty.' On the table were spread the historic articles sanctioned by ancient ceremonial for offering sacrifices to the departed Kings. Two large red candles were burning brilliantly, and an incense burner in the centre sent forth wreaths of aromatic smoke.

"The President, surrounded by his staff and many friends, Chinese and foreign, faced the tablet. The Master of Ceremonies announced that the President of the Chinese Republic had come to present his respects to the great founder of the Chinese dynasty destroyed.

"The President and all present uncovered and made three profound bows before the tablet. Then a secretary read the President's announcement to the spirit of the great Chinese hero. This over, the President turned about and made a spirited address to the assembly. He was speechless with emotion for a minute. Then he briefly declared how, after 260 years, the nation had again recovered her freedom, and now that the curse of Manchu domination was removed, the free peoples of a united Republic could pursue unhampered their rightful aspirations. He prophesied that a united and free China must enjoy glory and prosperity."

The Nanking Assembly proceeded to send delegates to Peking, there to acquaint Yuan Shih-kai of his election and to escort him back to Nanking. Telegrams of congratulation were received from Chinese communities throughout the world, and rejoicings in celebration of the inauguration of the Republic took place in all parts of the country. It was no exaggeration to say that Yuan Shih-kai now seemed to enjoy the confidence of the whole nation. Sun Yat-sen did not hesitate to say that the abdication of the Emperor was largely due to the exertions of the new President, and with a display of wisdom, no less than modesty, he was not slow to recognise that, in electing him to the office of Chief Magistrate, his fellow-countrymen had made the only choice possible. No better evidence could be forthcoming of the restraint that characterised the Revolutionary movement than that when the supreme test came, Sun Yat-sen did not hesitate to efface

himself. Those who enjoyed his intimate friendship declared that he was the last man likely to have sacrificed the requirements of patriotism to anything in the nature of personal aggrandisement. Throughout his long banishment in organising the Republican cause abroad, he had rendered immeasurable service to his country; and whatever estimate may be formed as to the part he played, none will deny him the quality of unsullied patriotism.

By the end of February, then, Yuan Shih-kai was the accepted of the nation. In terms of becoming humility he received the Nanking delegates, and signified his compliance with the will of the Assembly whom they represented, that he should become the Provisional President of the Chinese Republic. Meanwhile ominous clouds were gathering over the skies of the capital itself. On February 29 the troops of the third division, forming part of the modern drilled army originally called into existence by Yuan Shih-kai, and in whom he reposed special confidence, suddenly mutinied, and reinforced by thousands of coolies, fell to looting. Indiscriminate firing took place, incendiarism broke out in many parts of the city, and for a time the authorities lost complete control of the situation. Carts, rickshas, and ponies were commandeered to carry the spoils from the the city, and many people who offered resistance were bayoneted on the spot. "At one in the morning," wrote an eyewitness, "there were seven fires burning, three covering large areas; but the shooting was dwindling owing to the expenditure of ammunition and exhaustion of the mutineers, hundreds of whom, leading ponies loaded with spoil, were leaving the city. The reflection from the golden roofs of the Forbidden City was gorgeous. Many figures on it could be discerned, presumably eunuchs watching the fires but not knowing the cause, for the outbreak was a complete surprise to the Government, the Legations, and others." A train was seized by a large number of mutineers, who proceeded with their spoils southwards to Paoting-fu, where riotous scenes also took place. The disorder rapidly spread to other parts in the north. Looting and incendiarism took place in Tientsin, where the Mint was attacked and destroyed; and Dr. Schreyer, a well-known German resident, who

remonstrated with the mutineers, was shot dead. No political motive could be ascribed to the outbreak. The arrival of the Nanking delegates, whose residence was the first place to be looted in Peking, had given rise to the fear among the troops that they were about to be disbanded and deprived of their livelihood. Other minor causes for disaffection existed; and it was not suprising that the movement should have spread rapidly among an army which had been so long under restraint amid the conditions of active service, and during a period in which the forces of lawlessness had been let loose. Once they gained the upper hand, they became demented, and were animated by no other motive than that of lust for loot. Yuan Shih-kai, in spite of the fact that fighting took place in the vicinity of his residence, remained perfectly calm throughout the crisis. He promptly proclaimed martial law, and issued a *communiqué* to the foreigners in which he said: "Unto you, strangers in a strange land, I wish particularly to convey my sincere regrets." International troops patrolled the Legation quarters, but it was significant that the mutineers made no attempt to loot foreign property. Ultimately, after hundreds of executions had taken place, order was restored. The outbreak only served to draw attention to the urgent need for the establishment of a stable Government.

On March 10, in the hall of the Waiwupu buildings, Yuan Shih-kai was installed as Provisional President. The ceremonial was dignified and impressive, and the proceedings marked in a striking manner the dawn of a new era. The character of the attendance was in itself illustrative of the swift transition which the revolution had already accomplished. There were present representatives from all parts of the Republic: the Nanking delegates, attired in the conventional frock-coat of the West; General Yin Chang, who had conducted the campaign on behalf of the Imperialists; fifty generals in military uniform; many high dignitaries of the old regime, including former Viceroys, Governors, and Ministers of State; members of the Eight Banners; spokesmen for the Manchus, the Mongols, and the Tibetans; and lastly, two Lamas wearing picturesque yellow robes. Before this historic assembly Yuan Shih-kai, reading from a parch-

ment document, declared his fidelity to the Republic in these words:—

"Since the Republic has been established many works now have to be performed. I shall endeavour faithfully to develop the Republic, to sweep away the disadvantages attached to absolute monarchy, to observe the laws of the constitution, to increase the welfare of the country, to cement together a strong nation which shall embrace all five races. When the National Assembly elects a permanent President, I shall retire. This I swear before the Chinese Republic." The President thereupon received the congratulations of the assembled representatives, and the Lamas, advancing, presented him with two images of Buddha wrought in gold.

From this time forward confidence in the capacity of Yuan Shih-kai to establish a strong and enlightened Government became universal. The spirit of conciliation dominated the situation, and the differences that had hitherto existed between the north and south rapidly disappeared. It was agreed that Peking should be the seat of the Provisional Government, and that the first Cabinet should be of a coalition character, representative both of the Nanking and Peking parties. Thus the Government of China became that of a united Republic.

Tang Shao-yi, who had been nominated as Premier, proceeded to Nanking to consult with the Assembly as to the constitution of the Ministry; and eventually, towards the end of March, a complete agreement was arrived at. On April 1 Sun Yat-sen and the Provisional Government of the south formally gave up their seals of office. For the most part the Assembly, when not engaged in discussing the progress of the negotiations, had indulged in amiable debate. It was only in keeping with the spirit of the times that a number of Chinese women suffragists of the militant type should have appeared on the scene. They forced their way into the chamber, broke windows, and assaulted the police who were called in to restore order. Eventually troops were summoned; but the Assembly, doubtless knowing that their actions would have no legislative effect, went to the formal length of passing a measure granting the vote to women.

The proceedings, on April 29, at the opening meeting of the Advisory Council in Peking, the constitution of which aimed at complete representation of all provinces and dependencies in the Republic, characterised as they were by altogether remarkable manifestations of the spirit of true reform, astonished all foreigners who were privileged to be present. Dr. Morrison described the meeting of this body as simple, quiet, and dignified. "No one," he added, "seeing these earnest, well-educated men aspiring to raise their country to the rank of highly developed Western nations and contrasting them with the antiquated reactionaries who in the past misgoverned this country, could share the pessimism of those critics in Europe who condemn the Republic as hopeless within three months of its marvellous inauguration. Certainly the conditions in the interior, due to the change of government and the lawlessness of the troops, have been in many provinces deplorable; but there is no reason to fear that they are irremediable. The situation is getting under control; the forces tending towards consolidation are infinitely stronger than those making for disintegration."

Another correspondent, who represented the *Daily Telegraph*, contrasted the scene with the meetings of the National Assembly half a year ago. Then grey-bearded men in flowing silken robes and with a seignorial air were protesting passionately against the employment of force in the Yangtze Valley. To-day, beardless youths in European frock-coats sat quietly listening to the opening address of the President, which was almost entirely concentrated on Finance. From all that he saw on this historic occasion the correspondent came to the striking conclusion that, provided the money is forthcoming, the future of this Republic may unroll as marvellously as that of France after 1789. The President drove to the old Senate House with a cavalry escort, and through streets lined with six thousand infantry. The demeanour of the soldiery did not bear out the stories of continued disaffection in their ranks. In appearance they were described as smart and alert. The address of the President boldly attacked the root of China's plight, the need for drastic financial reform. He announced that the Government was

negotiating with the Powers with a view to an increase of the customs tariff, the abolition of *likin*, and the reduction of export taxes. The resultant increase in revenue he estimated would be sufficient to meet the charges on outstanding foreign loans. Then the land regulations were to be revised, proper surveys conducted, a new scale of equitable taxation introduced, a unified system of currency created, a uniform standard of weights and measures adopted, and the mining laws reformed.

At the end of March the terms of the Provisional Constitution, framed on democratic principles, were published. Among other things it provided that within ten months a National Assembly should be convened to decide upon a permanent constitution, and that in the meantime an Advisory Council consisting of elected representatives from all parts of the country should carry out the functions of a legislative body. Henceforth the President made known his will to the people through the medium of mandates.

# LXXXIV

## CHINA AND THE POWERS

IT is necessary to examine carefully the attitude of the Powers, both during and since the crisis, before attempting to formulate any final conclusions in regard to the situation existing in China to-day. Needless to say, this attitude was, on the surface, strictly correct. At the same time there were not wanting occasions where more than one nation having special interests in the Far East began to exhibit symptoms of restlessness ; and it was manifest that, if favourable opportunity offered, they would not be slow to employ methods of aggression, pleading as justification the urgent necessity for protecting those interests. The firm stand taken by Great Britain from the outset undoubtedly went a long way towards checking the ambitious designs of certain Powers with whom we were on terms of exceptional friendship. Our policy, in short, was thoroughly consistent with the best traditions of statesmanship, and was altogether in keeping with the reputation we have so long enjoyed in China. "We desire," telegraphed Sir Edward Grey to the British Minister, "to see a strong and united China under whatever form of Government the Chinese people wish."

The care exercised by royalists and revolutionaries alike to protect foreign lives and interests alone saved the country from dismemberment. Nevertheless, from beginning to end the situation was one of extreme gravity, not only affecting the destiny of China, but menacing the peace of the world. The Powers, one and all, professed a desire to see the integrity of China maintained ; but so frequently in the past had such a declaration been forthcoming, only to be followed by acts of aggression, that it had come to be looked upon as an expression rather of pious aspiration than of genuine intention. As time went on the attitude of Japan and Russia

gave rise to considerable suspicion. In the early days of the Revolution there was a tendency in Japan, as far as public utterances were concerned, to minimise the whole character of the movement. This circumstance did not altogether surprise those students who had watched closely the events of recent years in the Far East. The Japanese had always shown an inclination to ridicule the Chinese reform movement; and in their dealings with the Central Government and with the people invariably assumed an attitude of condescension. Forgetting the significant lessons of the remote past, which taught how much they owed to the cultural influence of China, and conscious only of their own swift and recent rise to power, they vainly imagined that without their patronage, and theirs alone, the neighbouring Empire could not shake off the sloth of ages. Their publicists were never tired of proclaiming to the world that if the regeneration of China were to be realised, it could only be through the agency of an oriental country, and that country, Japan. At the same time, as far as the leaders of political thought in the country were concerned, there was a motive, apart from vanity, which underlay the desire to have a controlling voice in the destinies of China, and the motive was fear. The prospect of a strong and united China, free from foreign tutelage, was viewed in the highest circles in Tokyo with something akin to alarm. Japan's dream of a great continental empire could only be realised at the expense of China. As, hour by hour, it became more and more apparent that the Republican movement was gathering behind it the force of the whole nation, and that the Manchu dynasty was doomed, slowly and reluctantly the Japanese were brought to the admission that a transition, no less wonderful than that which had taken place in their own land barely fifty years ago, was in progress among the teeming millions of China. The recall of Yuan Shi-kai was particularly distasteful to the bureaucracy in Japan, for this great statesman, imbued with the highest motives of patriotism, had always been an opponent of their aggressive policy. He was, in fact, sent into banishment at a time when Japan was endeavouring to wring out of China an agreement conceding special rights in southern Manchuria, and the semi-official newspapers of Tokyo took

no pains to conceal the satisfaction with which the nation regarded his removal from the scene. But the return of Yuan Shi-kai was merely an incident, although a very perturbing incident, in a general situation which brought dismay to the Government of Japan. The manifest determination of the Chinese people to be rid of the dynasty, and, with it, of all maladministration and corruption, was indeed unwelcome to the Japanese, who had been looking forward to years of depredation, without let or hindrance, in the territories of their continental neighbour. The idea of a vast Republic established, as it were, at the very gates of Japan was particularly unpalatable to the Government. It requires no effort to appreciate their point of view. Japan is a land peculiarly receptive to the principles of advanced Radicalism and even of Socialism, and the great Republic overshadowing her from the east has not been without its influence upon her national life. Many Japanese on visiting the United States have been deeply impressed by the contrast of American institutions and conditions with those of their own country, and on returning have exhibited an independence of demeanour and a freedom of speech which have frequently brought them into serious conflict with the authorities. As the revolution gathered force, therefore, it was recognised that a Republic in China, whose people, by reason of origin, custom, and tradition, had much in common with their neighbours, would be highly injurious to the best interests of State. Fears were entertained that, caught between two democratic streams flowing east and west, Japan would find it increasingly difficult to maintain unimpaired the monarchical principle, based as it was upon the doctrine of divinity —that source from which sprang the loyalty and devotion of the masses. But with whatever misgivings Japanese statesmen may have viewed the outbreak of revolution in China, as province followed province in declaring its adherence to the Republican cause, they came to the reluctant conclusion that no action on their part could avert the downfall of the Manchu dynasty. Intervention was out of the question. The poverty of Japan's finances alone precluded initiative of this kind. Then there was always the well-grounded fear that intervention must involve the dismemberment of the

Empire, in which event Japan would have been forced to tolerate as near neighbours on the Asiatic continent not one but several strong European Powers, a state of affairs containing an immediate menace to her welfare, and therefore offering a greater danger than any likely to arise out of the establishment of a Republic in China. Japan, however, did not surrender to the inevitable without a struggle. Throughout the protracted negotiations between Yuan Shi-kai and the leaders in the south, she threw the whole weight of her influence into the scales on the side of a constitutional monarchy. Her Minister in Peking, Mr. Ijuin, expressed very strong views upon the subject. In no circumstances, he was said to have declared, would his country recognise a Republic. It is true that subsequently the Minister for Foreign Affairs explained to the Diet that Mr. Ijuin had given voice merely to his own personal opinions ; but an animated debate followed, which it was ultimately considered advisable to conduct behind closed doors.

While the policy pursued by Russia was in many respects similar to that of Japan, and arose out of nearly identical motives, it did not lack either vigour or initiative. For many years Mongolia had been a sphere of contention between Russia and China. The organisation of Chinese regular troops and the settlement of Chinese colonists in large numbers throughout the Dependency had led the Mongolians to seek the protection of their Western neighbour. Beyond diplomatic representations at Peking, no definite line of action was adopted until, taking advantage of the revolutionary movement, Mongolia proclaimed her autonomy. The Mongolians, as well as the dignitary Kueifang appointed by the Chinese Government to negotiate with them, requested Russian mediation and, in communicating this circumstance to the Chinese Government, the St. Petersburg Government declared that it had no wish to interfere in Chinese affairs and cherished no aggressive designs in Mongolia, but it could not but be concerned in the restoration of order in Mongolia, which was adjacent to Siberia, and in which Russian trade had important interests. "An armed struggle between Chinese and Mongolians," read the despatch, "is not desirable in Russia's interests, and when the Russian

Government declared its readiness to undertake the difficult task of mediation between the Chinese and the Mongolians, who are filled with such hostile feelings towards them, it was influenced, above all, by the consideration that Russian interests would inevitably suffer by such a conflict. On the other hand, such important interests do not permit the Russian Government to ignore any *de facto* Government established in Mongolia, and should Mongolia break her bonds with China the Russian Government, in spite of all its desire to see the quarrel between China and Mongolia settled, will be compelled to enter into business relations with Mongolia by the force of circumstances." At the same time Russia requested that a concession be granted for the extension of a proposed branch of the Siberian Railway southward across Mongolia to Kiakta and Urga, the Russian gauge to be employed.

The action of Russia was characterised as unfair, inasmuch as, at a time when China was beset with difficulties on all sides, she sought to further her own ends. But it must not be forgotten that the geographical situation of Russia in Eastern Asia is unique, and demands that her statesmen look far ahead. A Chinese migration across Mongolia into Siberia, which is but sparsely populated, would constitute a menace of unquestionable gravity. Consequently Russia's desire to see Mongolia converted into a buffer State becomes perfectly intelligible.

As far as Japan is concerned she occupies a position in the Far East similar in essential respects to that of Great Britain in the West. So long as she retains command of the sea, her territorial integrity cannot be assailed. But the territories of Russia lie athwart the borders of China, and it therefore becomes the duty of her statesmen to frame a policy which shall provide for the minimum of risk in the future of a military invasion across her land frontiers.

It is perhaps too much to expect that for long the international situation in the Far East should remain as it is to-day. Already it is certain that Japan and Russia will at an early date arrive at some agreement in regard to the future of Manchuria and Mongolia. Had it not been for the restraining influence exercised by Great Britain in Tokyo and

St. Petersburg during the revolution, China would doubtless have been compelled to surrender these territories before now. As it is, her sovereignty over them to-day is merely nominal, and the time is quickly approaching when the last vestige of her authority will disappear in obedience to the demands of Japan and Russia.

In any consideration of British policy in China it cannot be too clearly emphasised, that the gravity of the European situation which compelled the withdrawal of our battleship squadron from the waters of Eastern Asia has had the effect of materially weakening our position in that country. Thus, when the doctrine of the Open Door was flagrantly violated by our ally, Japan, and to a lesser extent by Russia, we were unable to make effective protest for the simple reason that, in face of developments nearer home, the friendship of these Powers had become necessary to us. When the time arrives, as soon it must, for the permanent settlement of the Manchurian and Mongolian questions, it is to be feared that we shall find no other course open to us save that of acquiescence in their requirements. But although with us to-day the European situation is of vital importance, we should not allow it to absorb our attention to the exclusion of the stupendous developments now taking place in China. What the West is to-day, with all its culture and industry, the East is destined to be to-morrow. Until recently among oriental races the Japanese were believed to be exceptional. Few Western observers suspected that the Chinese could so quickly abandon the traditions and customs of ages and pull down, as it were in a single night, ancient institutions dating back to periods long before the dawn of Christendom. And none imagined that, in place of these institutions, they would set up the most democratic form of government known to modern times. The Chinese have already surprised the world by their achievements during the revolution, but it will yet be found that these achievements, amazing though they were, represented only the beginning of a tremendous transition which will ultimately make itself felt in the four quarters of the globe. In all the circumstances, therefore, it is not to be wondered at that in shaping their policies Russia and Japan, who are neighbours of China, should look

far into the future. To Russia's one hundred and sixty millions and Japan's fifty millions, China to-day can claim a homogeneous population of some four hundred millions. These simple statistics are in themselves sufficiently eloquent. Industrious, frugal, honest, and, when properly led, incomparably brave, the Chinese possess every quality essential to the making of a vigorous and efficient people. Thus, as far as our imagination can carry us, we may realise the tremendous nature of the new force that has been born into the world. This force the nations may perhaps hold for a time in check, but they can never destroy it.

At the present moment China is fully occupied in endeavouring to establish a Government worthy of recognition by the Powers. The principal difficulty that besets her path is the impoverished state of her treasury. It is not denied that the undeveloped wealth in the country is enormous, or that, were the financial system to be reformed, more than sufficient revenue would be forthcoming to meet the maximum of expenditure. Sir Robert Hart estimated that, on a scale of equitable taxation, the land alone is capable of supplying the utmost needs of the State. To-day, however, funds are urgently required to carry on the administration and institute the necessary reforms. It is not my intention to describe the long and tortuous negotiations that have recently taken place between the Chinese Government and the financial group representative of the six great Powers. Mainly on the question of foreign supervision in connection with the expenditure of the loan that was involved, these negotiations have, for the time being, been brought to nought. At the same time, however, the incident has not been without its significance, for it has given us proof of the patriotism that is to be found to-day throughout the Chinese Republic. At a moment when the Central Government was sorely embarrassed for want of funds, and when no satisfactory agreement was possible with the bankers of the West, the provinces generously rallied to the aid of the Administration and remitted large sums of money to replenish the treasury. But relief afforded by the means of provincial remittances cannot be regarded as otherwise than a temporary expedient, and the time must surely come when China will either seek

for loans in the open market, or, being baulked in this direction, be forced to re-open negotiations with the six-Power group. In the latter event it is unlikely that the stipulation regarding supervision would be entirely waived. The group is in a strong position in that it enjoys the diplomatic support of the various Powers concerned. Only recently Sir Edward Grey declared that, unless an international loan to China were adequately secured, Chinese credit would be impaired, and consequently British interests, which are largely dependent upon the continued welfare of the country, would suffer. Obviously such a view is sensible; but it should be the duty of British diplomacy to see that whatever terms may be demanded they shall not be of a nature calculated to offend the *amour propre* of China. For it must be borne in mind that the very objects for which such a loan is contemplated would assuredly be defeated were the Government to accept conditions destined to be repudiated by the nation. The lessons of the recent past teach us that the Hukuang railway loan proved a formidable weapon in the hands of China's demagogues, and if a sanguinary page of her history is not to be repeated, our policy must provide for at least as sympathetic consideration of her necessities as of the requirements of the international group.

Both Russia and Japan, as we have seen, are for reasons of their own desirous of retarding the progress of China. It may be argued that, so far as Russia is concerned, she is serving the purpose of the West inasmuch as, in seeking to protect herself, she is at the same time acting as the outpost of Europe against Asiatic aggression. The day, however, when China will become a serious menace to the West is as yet far distant. In the meantime it is important that we should shape our policy with some consideration for her difficulties. As I have already observed, the Chinese possess every quality that goes to the making of a strong and efficient people. But, unlike the Japanese, they are not aggressive in character. That they are generously gifted with a spirit of patriotism cannot be denied after the events of the recent revolution. Moreover, contrary to the general belief, mingled with this patriotism there is no considerable sentiment of an

anti-foreign nature. On the other hand, in spite of many years of contact with foreigners, the Japanese have never completely overcome the hatred which in the days of feudalism they felt for the "red-headed barbarians."

For many decades to come China will be fully occupied in developing her own great territories, and her policy must long remain influenced by the peace-loving character of her people. If we are to believe the utterances of her greatest men, the mission of China is to be a mission of peace and progress. In other words, the nation that until yesterday had perpetuated the barbarism of the dark ages is now earnestly striving to take a place of honour in the van of civilisation. But before she can attain her ideal she must set herself the task of establishing the forces of law and order within her own borders, and to that end her statesmen are at present devoting their efforts. In the accomplishment of their purpose they require the assistance, not the interference, of the stronger nations, who, each and all, let it be said, are never weary of proclaiming themselves the pioneers of civilisation. "China does not ask Europe for mercy," stated a high official to the representative of a great London journal recently, "she asks for justice and a little patience. We are not African savages crouching in gloomy forests, dreaming of murder, hating the whole world, and awaiting some fearful retribution; we are an ancient nation of cultivators, traders, philosophers. We are in some disarray, it is true, because the principle of authority, which we love as dearly as the Anglo-Saxons, is being restated in a new and strange language. We only ask what Europe cannot gainsay, namely, time to set our house in order. Remember, we have many mansions, and there is much to do. If we fail to erect a stable government within a reasonable period, come and partition us, but until then leave us in peace." It is to be feared that the ambitious designs of certain Powers will not permit of China being left altogether in peace. But, as far as Great Britain is concerned, the path of duty is clearly defined. During that period, inevitable in the very nature of things, when "the principle of authority is being restated in a new and strange language," we must throw the whole weight of our authority on the side of justice and

benevolence. Our diplomacy must be so directed as to ensure that in the days of trial that lie before her China shall be accorded the sympathy and support of the British Government and the British people. This is the only course we can adopt; for it constitutes a moral obligation from which, if we are to remain true to our traditions and at the same time to fulfil our duty to posterity, we dare not turn aside. China is no decadent among the nations; and although it may still be her lot to pass through the deep waters of tribulation, she is destined to emerge a strong and enlightened Power to take her place in the forefront of civilisation.

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